

**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, 2022

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 001-40979

**Solo Brands, Inc.**

(Exact Name of Registrant as Specified in its Charter)

Delaware	87-1360865
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
1001 Mustang Dr. Grapevine, TX	76051
Address of Principal Executive Offices	Zip Code

(817) 900-2664

Registrant's Telephone Number, Including Area Code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.001 par value per share	DTC	New York Stock Exchange

**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

Smaller reporting company

Accelerated filer

Emerging growth company

Non-accelerated filer

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, based on the closing price of the shares of Class A common stock on the New York Stock Exchange on June 30, 2022, was \$135.6 million.

As of March 6, 2023, there were 63,668,895 shares of the registrant's Class A common stock, \$0.001 par value per share, outstanding and 32,362,227 shares of the registrant's Class B common stock, \$0.001 par value per share, outstanding.

**Documents Incorporated by Reference**

Portions of the Proxy Statement for the registrant's 2023 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year to which this report relates, are incorporated by reference herein.

---

---

## TABLE OF CONTENTS

	<b>Page</b>
<a href="#">Forward-Looking Statements</a>	<a href="#">i</a>
<a href="#">About this Annual Report</a>	<a href="#">ii</a>
<a href="#">Risk Factors Summary</a>	<a href="#">iii</a>
<b>PART I</b>	
<a href="#">Item 1. Business</a>	<a href="#">1</a>
<a href="#">Item 1A. Risk Factors</a>	<a href="#">5</a>
<a href="#">Item 1B. Unresolved Staff Comments</a>	<a href="#">29</a>
<a href="#">Item 2. Properties</a>	<a href="#">29</a>
<a href="#">Item 3. Legal Proceedings</a>	<a href="#">30</a>
<a href="#">Item 4. Mine Safety Disclosures</a>	<a href="#">30</a>
<b>PART II</b>	
<a href="#">Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	<a href="#">31</a>
<a href="#">Item 6. [Reserved]</a>	<a href="#">32</a>
<a href="#">Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">33</a>
<a href="#">Item 7A. Quantitative and Qualitative Disclosures about Market Risk</a>	<a href="#">41</a>
<a href="#">Item 8. Financial Statements and Supplementary Data</a>	<a href="#">43</a>
<a href="#">Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	<a href="#">76</a>
<a href="#">Item 9A. Controls and Procedures</a>	<a href="#">76</a>
<a href="#">Item 9B. Other Information</a>	<a href="#">77</a>
<a href="#">Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	<a href="#">77</a>
<b>PART III</b>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	<a href="#">78</a>
<a href="#">Item 11. Executive Compensation</a>	<a href="#">80</a>
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	<a href="#">80</a>
<a href="#">Item 13. Certain Relationships and Related Transactions, and Director Independence</a>	<a href="#">80</a>
<a href="#">Item 14. Principal Accountant Fees and Services</a>	<a href="#">80</a>
<b>PART IV</b>	
<a href="#">Item 15. Exhibits and Financial Statement Schedules</a>	<a href="#">81</a>
<a href="#">Item 16. Form 10-K Summary</a>	<a href="#">83</a>
<a href="#">Signatures</a>	<a href="#">84</a>

---

### **Forward-Looking Statements**

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this 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, 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 year ended December 31, 2022. 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.

### **Where You Can Find More Information**

We may use our website as a distribution channel of material information about the Company including through press releases, investor presentations, and notices of upcoming events. We intend to utilize the investor relations section of our website at <https://investors.solobrand.com> as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under Regulation FD. We also intend to use certain social media channels, including, but not limited to, Twitter, Facebook and LinkedIn, as a means of communicating with the public, our customers and investors about our Company, our products, and other matters. While not all the information that the Company posts to its website and social media channels may be deemed to be of a material nature, some information may be and we therefore encourage investors, the media, and others interested in our Company to review the information we make public in these locations.

All periodic and current reports, registration statements and other filings that we have filed or furnished to the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, are available free of charge from the SEC’s website ([www.sec.gov](http://www.sec.gov)) and on our website at <https://investors.solobrand.com>. Such documents are available as soon as reasonably practicable after electronic filing of the material with the SEC.

Any reference to our website or social media channels does not constitute incorporation by reference of the information contained on or available through our website, and you should not consider such information to be a part of the periodic and current reports, registration statements or other filings that we file or furnish with the SEC from time to time.

## About this Annual Report

As used in this Annual Report on Form 10-K, unless the context otherwise requires, references to:

- “we,” “us,” “our,” “the “Company,” “Solo Brands, Inc.” and similar references refer: (i) following the consummation of the Reorganization Transactions (as defined below), including the initial public offering (“IPO”) on October 28, 2021, to Solo Brands, Inc., and, unless otherwise stated, all of its subsidiaries, Solo Stove Holdings, LLC (“Holdings”), and, unless otherwise stated, all of its subsidiaries, and (ii) on or prior to the completion of the Reorganization Transactions, including the IPO, to Holdings and, unless otherwise stated, all of its subsidiaries. In each case, such references include the companies acquired in the acquisitions made in 2021, from the date of the applicable acquisition. Unless otherwise indicated, (i) information presented for a period entirely preceding an acquisition does not give effect to the consummation of such acquisition and reflects only the subsidiaries and brands owned prior to such acquisition and (ii) information presented for a period following an acquisition or during which an acquisition occurred includes the impact of the acquisition from the date of such acquisition.
- “*Reorganization Transactions*” refers to certain reorganization transactions effected in connection with the completion of our IPO. See “Initial Public Offering and Reorganization Transactions” in Item 7 of the 2021 Annual Report on Form 10-K for further details of the related transactions.
- “*LLC Interests*” refer to a single class of common membership interests of Holdings.
- “*Original LLC Owners*” refer to the direct and certain indirect owners of Holdings, collectively, prior to the Reorganization Transactions.
- “*Continuing LLC Owners*” refers to Original LLC Owners who continue to own LLC Interests after the Reorganization Transactions and who may, following the completion of the IPO, exchange their LLC Interests for shares of DTC Class A common stock or a cash payment, in each case, together with a cancellation of the same number of its shares of Class B common stock.
- “*Former LLC Owners*” refers to all of the Original LLC Owners (excluding the Continuing LLC Owners) who exchanged their indirect ownership interests in Holdings for shares of DTC Class A common stock and cash in connection with the completion of the IPO.

## Risk Factors Summary

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 Class A common stock. The principal risks and uncertainties affecting our business include the following:

- Our business depends on maintaining and strengthening our brand and generating and maintaining ongoing demand for our products, and a significant reduction in such demand could harm our results of operations.
- If we are unable to successfully design and develop new products, our business may be harmed.
- We may acquire or invest in other companies, which could divert our management’s attention, result in dilution to our stockholders, and otherwise disrupt our operations and harm our results of operations.
- Our recent growth rates may not be sustainable or indicative of future growth and we may not be able to effectively manage our growth.
- If we are unable to successfully obtain and enforce protection for our trademarks and patents, our ability to compete in the market could be harmed.
- Our business could be harmed if we are unable to accurately forecast demand for our products or our results of operations.
- Our marketing strategy of associating our brand and products with outdoor, group activities may not be successful with existing and future customers.
- If we fail to attract new customers in a cost-effective manner, our business may be harmed.
- Our net sales and profits depend on the level of customer spending for our products, which is sensitive to general economic conditions and other factors.
- The markets in which we compete are highly competitive and we could lose our market position.
- Competitors have imitated and will likely continue to imitate our products. If we are unable to protect or preserve our brand image and proprietary rights, our business may be harmed.
- We rely on third-party manufacturers and problems with, or the loss of, our suppliers or an inability to obtain raw materials could harm our business and results of operations.
- Our business relies on cooperation of our suppliers, but not all relationships include written exclusivity agreements. If they produce similar products for our competitors, it could harm our results of operations.
- Fluctuations in the cost and availability of raw materials, equipment, labor, and transportation could cause manufacturing delays or increase our costs.
- If we fail to timely and effectively obtain shipments of products from our manufacturers and deliver products to our retail partners and customers, our business and results of operations could be harmed.
- Our collection, use, storage, disclosure, transfer and other processing of personal information could give rise to significant costs and liabilities, including as a result of governmental regulation, uncertain or inconsistent interpretation and enforcement of legal requirements or differing views of personal privacy rights, which may have a material adverse effect on our reputation, business, financial condition and results of operations.
- Government regulation of the Internet and e-commerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business and results of operations.
- The COVID-19 pandemic or other pandemics could adversely affect our business, sales, financial condition, results of operations and cash flows, and our ability to access current or obtain new lending facilities.

## PART I

### Item 1. Business

#### *Our Mission*

We aim to help the customers in our communities live a good life by inspiring moments that create lasting memories. When we are at our best, our products serve as the centerpiece of awesome experiences and unlock nostalgia for past ones. We own and operate premium authentic outdoor brands with ingenious products influenced by customer feedback. We consistently deliver innovative, high-quality products that are loved by our customers and revolutionize the outdoor experience, build community and help everyday people reconnect with what matters most.

#### *Who We Are*

Solo Brands operates four premium outdoor brands; Solo Stove, Oru Kayak (“Oru”), ISLE Paddle Boards (“ISLE”), and Chubbies apparel. Our brands develop innovative products and market them directly to customers primarily through e-commerce channels, as well as wholesale partnerships with key retailers. Our platform is led by our largest brand, Solo Stove, which was founded in 2011 by two brothers seeking to bring family together in the outdoors. Our founders combined their passion for e-commerce with their love of the outdoors to create a digitally-native platform to market the revolutionary Solo Stove Lite (“Lite”), an ultralight portable backpacking camp stove that can boil water in under 10 minutes using just twigs, sticks, and leaves. Solo Stove followed the success of the Lite with the launch of its iconic, stainless steel, virtually smokeless fire pits in 2016, pioneering a new product category that has helped foster a loyal community of enthusiasts and furthers our efforts to bring people together.

Since its inception in 2011, Solo Stove’s growth and free cash flow allowed us to make significant investments in our global supply chain and bring fulfillment, research and development, sales and marketing, and customer service in-house. This infrastructure provides an authentic end-to-end customer experience, expedited delivery, greater cost efficiencies, and redundancy in manufacturing. It also laid the groundwork for the creation of Solo Brands, Inc.

Our business provides distinct competitive advantages, including an attractive financial profile and a unique ability to acquire and operate outdoor brands that broaden our product assortment and share our values of authenticity, product quality, and community. Through our DTC and wholesale channels, we develop connections with our customers, receive real-time feedback that informs our product development roadmap and digital marketing decisions, and enhance our brands. This deep connection with our customers helps to drive an attractive return on marketing spend and positions us to capitalize on a significant runway of future expansion. We believe that our model creates a flywheel effect of rapid growth, scalability, and robust free cash flow generation which, in turn, enables us to re-invest in product innovation, strategic acquisitions, marketing and global infrastructure.

#### *Product Design and Development*

We approach product design and development with the goal of advancing our mission to build community, revolutionize the outdoor experience, and help everyday people reconnect with what matters most. Solo Brands and its products are driven by the “create good” philosophy, and are designed to get you in touch with whatever “good” is for you. We create good products that foster good moments and memories, so our customers can create a good life.

Our products undergo a rigorous development process designed to maximize performance while minimizing complexity, delivering a superior degree of quality, functionality, portability, style, and ease-of-use. The Solo Stove Lite set the standard, and we have continued to design and develop groundbreaking, high-performance products engineered with purposeful simplicity. We carefully design and engineer every product for immediate enjoyment, free of complexity and intimidating learning curves often found in engineered outdoor and lifestyle products. While employing the same approach that led to the success of our stoves, we have successfully broadened our product line to include virtually smokeless fire pits, cooking systems, pizza ovens, patio heaters, and storage units, and added portable kayaks and paddle boards, lifestyle apparel and other accessories.

At Solo Brands, not only are our products innovative, but we believe our approach to innovation stands apart from the competition. We don’t believe in behind-the-curtain intuition-driven design, but rather customer-driven product development. We employ a data-driven approach to portfolio expansion opportunities and a product development process that is guided by direct customer feedback and is designed to allow for exceptionally fast development time from idea to product delivery. Our approach includes digesting data our customers provide us and incrementally enhancing our offerings to drive customer satisfaction and love of our products and brands. We have continued to expand our product lines by designing solutions grounded in customer insights and requests, including new products and accessories and additional sizes of existing product lines, and through strategic acquisitions that complement the Solo Brands platform.

The Solo Brands product design teams control every aspect of our innovation, including design, construction, material performance requirements, manufacturing protocols, supplier selection, packaging specifications, and quality plans. Once we approve the final design and specifications of a new product, depending on the product, we either source materials directly or partner with specialized third-party manufacturers to produce our products according to our performance and quality standards. Each of our brands has established deep relationships with trusted third-party manufacturers—predominantly in China and Southeast Asia, as well as in Mexico through a dedicated facility operated by a manufacturing labor outsourcing company.

We have recently expanded our product development team and have built a new state-of-the-art research and development center at our headquarters to ensure continued design, testing, and quality control while optimizing speed-to-market. Our space features over 10,000 square feet of fabrication, test space, and machinery to facilitate experimentation and the ideation and development of new offerings. We are also expanding Oru's manufacturing operations in Mexico by adding additional supply lines and seeking additional suppliers for other recreational products.

## **Products**

We offer wide-ranging and high quality products directly to our customers through our platform. Our products are carefully designed to maximize performance while minimizing complexity. We create highly functional, yet simple products that are both durable and easy-to-use.

**Camping Stoves.** We revolutionized the camp stove category with the launch of our Solo Stove Lite in 2011. This ultralight and portable product does not require synthetic fuel and can boil water in under 10 minutes using just twigs, sticks, and leaves found outside. Today, our Stoves include the Lite, Titan, and Campfire, each of which is wood burning and incorporates our secondary burn technology, creating a hotter flame great for cooking. Each Stove also has a variety of cooking pots and accessories.

**Fire Pits.** We created a new fire pit category in late 2016 with our portable, low smoke product offerings. Solo Stove fire pits provide a mesmerizing, virtually smokeless fire experience in minutes, anywhere our customers want to be—in the mountains under the stars, on the beach, at the campground, tailgating at the game, or at home in the backyard—our products are designed to go where you go. The Solo Stove fire pit product offering includes the new tabletop Mesa, Ranger, Bonfire, Yukon, and Canyon, each of which burns wood fuel to a fine ash for easy cleaning. Made of lightweight, durable stainless steel, our fire pits epitomize the Solo Stove brand promise of uncompromising quality, portability, and function.

**Cooking.** In 2022 we continued to lean into expanding the cooking category. In addition to the multiple Cook Top surfaces (cast iron griddle, skillet, and wok) used in connection with our fire pits, we launched Solo Stove Pi, a standalone durable stainless steel pizza oven with a collection of accessories. We continue to see opportunity for expansion in the cooking category. We recently introduced Pi Fire, a convenient pizza oven attachment to be used over a Solo Stove fire pit, and a collection of accessories and grilling tools to further enhance our customers' cooking experiences.

**Outdoor Heating.** In 2022, we disrupted the outdoor heating market by launching a wood-pellet burning patio heater. Virtually smokeless, and easy to use with a small bag of wooden pellets rather than an expensive and heavy propane tank, our patio heater provides head to toe warmth.

**Recreation.** Oru Kayak is the original origami kayak that allows users to go from box to boat in a matter of minutes. Oru offers premier kayaks that require minimal storage space, are portable, and easy-to-use. The Oru brand includes five kayak models, the Inlet, Beach LT, Bay ST, Coast XT, and Haven. Built with durable, corrugated OruPlast™ technology, our kayaks offer premium quality, exceptional control and stability, and starting at just 20 pounds, they are highly portable and can be transported in the trunk of a small car or carried on public transportation. ISLE produces high-quality stand-up paddle boards and a hybrid kayak with colorful designs that are engineered to accommodate every skill level, style, and interest. ISLE offers ten models across seven product categories—Inflatables, Yoga, Fishing, All Around, Touring, Surf, and Epoxy. With an emphasis on form and function, ISLE's products are intended to help users reconnect with the simple joy of getting outside, and their innovative portable designs allow users take them anywhere they can find floatable water.

**Storage.** Launched in 2021, the Station provides an optimized storage solution for fire pits, firewood, and other accessories. The Station provides highly functional storage that enables our customers to keep their outdoor products in one convenient location. Built to withstand ice, rain, and snow with a powder-coated aluminum frame and a UV-coated cover, the Station's dual shelf design supports a carrying weight of up to 250 pounds. The Station has broadened our consumer reach and was designed in response to real-time consumer feedback.

**Lifestyle Apparel.** Chubbies is a fun-loving, premium apparel brand that offers well-fitted comfortable clothing with unique style. The Chubbies brand has historically had five main product lines—Swim Trunks, Casual Shorts, Sport, Polos + Shirts, and Lounge. In 2022, Chubbies launched multiple pant styles ranging from business performance pants to joggers and sweats. Created with high performance stretch fabric, Chubbies offers premium quality with a lightweight and breathable design that can be worn anywhere and anytime.

**Consumables.** Consumables provide a high margin, recurring revenue stream that increases customer lifetime value and supports repeat purchases and engagement with our community. The consumables category includes fun products that enhance the Solo Brands experience, such as Color Packs, and exciting add-ons, including Starters, All Natural Charcoal, firewood, and pellets.

**Accessories.** Our Accessories are designed to make the Solo Brands experience easier and more memorable. Many accessories are the product of direct customer feedback, satisfying a specific need our community has highlighted. They deepen our relationship with customers, increase order values, and support repeat engagement. The Accessories category spans the Solo Stove, Oru, and ISLE brands and includes products such as the Shelter, Shield, Roasting Sticks, Tools, Paddles, and Pumps.



### **Marketing**

Our multifaceted marketing strategy engages existing and new customers and has proven instrumental in driving sales and building brand awareness and affinity. We utilize data-driven performance marketing tactics to engage with our targeted customer base and create differentiated brand marketing content designed to drive an authentic customer experience and fuel brand awareness and loyalty for each of our brands independently.

We employ a wide range of marketing tactics and outlets to cultivate our relationships with experts, enthusiasts, and everyday consumers. Our in-house marketing team actively utilizes a combination of digital, social media, traditional, and grass-roots initiatives to support our brand. Our in-house marketing team is a major differentiator and strength for the Company as it allows us to execute quickly, pivot when needed, and do both at a cost far below what it would cost to outsource to marketing agencies. With loyal customers already rooted with each of our brands, we also believe a large opportunity exists for effective cross-marketing.

### **Sales Channels**

We are an omni-channel company that leverages the power of both e-commerce as well as physical retail stores. In addition to our strong DTC execution, we are strategically expanding our wholesale channel through retail partners that support our brand image and share our passion and dedication for innovative, best-in-class products of uncompromising design and performance. Our net sales are concentrated in the United States, though we have a growing international presence.

*Direct-to-Consumer:* We go-to-market with a digital-first strategy which prioritizes a direct connection with customers through e-commerce channels. Our currently owned brands generate the majority of sales online, including through owned social channels such as Facebook and Instagram that route visitors to our sites. This is supplemented by our DTC business via relationships with select third-party e-commerce marketplaces, such as Amazon. We believe these sales channels provide incremental sales reach for our business and opportunities to increase awareness for our brands. In fiscal year 2022, DTC sales accounted for 81.8% of Solo Brands sales. In 2022, we have continued to make meaningful investments in our e-commerce and digital platform to drive growth, including the implementation of cutting-edge technology, marketing, and analytics to increase speed and ease of use on both our desktop and mobile sites.

Through our owned brand websites, we offer our entire product portfolio and create a unique experience for our customers that reflects some of the same design principles that we incorporate into our products—simple, elegant and high performance. Our sites provide a content-rich and educational shopping experience, inviting customers to experience our brands, learn about our products through extensive overviews, specifications and intuitive FAQs, discover ways to enjoy our products, and hear firsthand from our customers' experiences with our brands. Customers can access blogs through our websites, where we publish premium digital content, share customer stories and information on products, and further cultivate our community. We believe our digital expertise provides us a competitive advantage and is replicable and extendible across other brands.

Our owned brand websites are also where we engage with our corporate customers, which represent a rapidly growing customer segment, particularly as we introduce additional customization options such as logo etchings to our fire pits. We believe our corporate customers and organizations appreciate our authentic brands and product quality and value the opportunity to attach their brands to Solo Brands products, including to provide valued gifts. Our customized products and corporate sales have meaningfully contributed to sales growth while generating attractive margins. The corporate customers represent opportunities for substantial repeat business.

We also operate five Chubbies retail stores and one ISLE surf pro-shop, which provide additional opportunities to interact directly with our customers in person and strengthen customer relationships.

*Wholesale.* We have built relationships with well-known outdoor products and sporting goods retailers. We choose our retail partners carefully based on their reputation, demographic, and commitment to appropriately learn and showcase Solo Brands' portfolio of products, provide hands-on customer service, and abide by our terms and conditions, including consistent adherence to our minimum-advertised price ("MAP") policy. We also sell products on websites of retailers. These sites give Solo Brands even more online presence in our effort to ensure customers find us wherever they choose to shop for outdoor and recreation products. Our strategic retail channel distribution is supported by our dedicated sales and account management team. This team serves our retail partner base and identifies potential new wholesalers to expand our geographic footprint.

### **Seasonality**

We believe that our sales include a seasonal component. Historically, our net sales have been highest in our second and fourth quarters, with the first quarter typically generating the lowest sales. This historical sales trend is supported by the demand for our products at the beginning of the summer and holiday shopping seasons. We expect that this seasonality will continue to be a factor in our results of operations and sales.

### **Segment Information**

We operate as one reportable segment.

### ***Supply Chain and Quality Assurance***

We manage a supply chain of third-party manufacturing and logistics partners to produce and distribute our products. We work with partners who allow for production flexibility, efficiency and scalability, possess capabilities to support new products, meet our expanding sales channel strategies and other required operational needs. We currently have a number of manufacturing partners located in various countries, India, Vietnam, and Mexico, with the majority of our manufacturing concentrated with a single manufacturer in China.

Our supply chain management team researches materials and equipment, vets potential manufacturing partners, directs our internal demand and production planning, approves and manages product purchasing plans, and oversees product transportation. While we have selected our current manufacturers for commercial and operational reasons, there are currently alternative suppliers that we believe we can qualify and engage to supply products and materials of the same quality, in similar quantities, and on substantially similar terms as our current providers if needed. From time to time, we source new suppliers and manufacturers to support our ongoing innovation and growth, particularly in our more recently introduced product categories, and we carefully evaluate all new suppliers and manufacturers to ensure they share our standards for quality of manufacturing, ethical working conditions and environmental sustainability practices.

Quality is critically important to us and we work closely with our manufacturing partners with respect to product quality and manufacturing process efficiency. As part of our quality assurance program, we have developed and implemented comprehensive product inspection and facility oversight processes that are performed by our employees and third-party resources. They work closely with our suppliers to assist them in meeting our quality standards, as well as improving their production yields and throughput. While we do not directly source significant amounts of raw materials and components for most of our products, we control the specifications for key raw materials used in our products.

### ***Distribution and Inventory Management***

A majority of our products are shipped from our manufacturers to one of our three United States distribution centers in Grapevine, Texas; Manchester, Pennsylvania; and Salt Lake City, Utah. These distribution centers, which we operate, are strategically located across the United States, allowing us to provide faster delivery throughout the United States. Certain of our products are distributed directly from our manufacturing facility in Mexicali, Mexico. The remaining portion of our products are shipped directly to one of our National Retail Partners or one of our distributors.

Additionally, we leased a 20,000 square foot facility in Canada and a 72,000 square foot facility in Rotterdam, Netherlands. Our domestic and international warehouses position Solo Brands to reach customers quickly and position us to realize immediate cost savings. We believe our domestic capacity and the capacity of international providers is sufficient to meet our future needs. We manage inventory by analyzing product sell-through, forecasting demand, and working with our supply chain to ensure sufficient availability. We have also contracted with third-party logistics companies to store and manage shipments to customers in Australia. We use a warehouse management system at these distribution centers that interfaces with our ERP system so that we can maintain visibility and control over inventory levels and customer shipments.

### ***Intellectual Property and Brand Protection***

We take the protection of our intellectual property very seriously and have taken a variety of operational and legal measures to protect our distinctive brand, designs, and inventions. Our engineering and industrial design teams collaborate at our Grapevine, Texas headquarters to create new products, and are supported by individual product design teams at the various brand levels. As part of this process, all product designs, specifications, and performance characteristics are developed and designed. After these aspects of the process are complete, we seek intellectual property protection, including applying for patents and for registration of trademarks for new classes where applicable.

We own the patents, trademarks, copyrights, trade dress, and other intellectual property rights that relate to our brands and to key aspects of certain of our products. We have sought to protect these intellectual property rights in the United States as well as in other countries where our products are manufactured and/or sold. We believe these intellectual property rights, combined with our innovation and distinctive product design, performance, and brand name reputation, provide us with a competitive advantage.

We aggressively pursue and defend intellectual property rights to protect our distinctive brand, designs, and inventions. We use third-party enforcement agencies, and have processes and procedures in place to identify, protect, and optimize our IP assets on a global basis. Our experienced legal and brand protection teams initiate claims against those offering infringing products to protect our intellectual property assets, including our distinctive designs, copyrights, and trade dress. In the future, we intend to continue to seek intellectual property protection for our new products and prosecute those who infringe against these valuable assets.

### ***Information Technology***

Information technology, or IT, systems are integral to our ability to operate, analyze and manage our business, research and develop new products, enhance our customers' experience, and optimize our operating costs. Our infrastructure is cloud-first, as we believe it provides the most flexibility, scalability, and is inherently resilient with platform level redundancy in networking and computer hardware. We leverage third-party components and software to enhance our platform capabilities and recently implemented upgraded ERP and e-commerce systems to improve our operations and manage our growing company. We utilize leading software solutions for key aspects of our information systems. We believe our planned systems infrastructure will be sufficient to support our expected growth for the foreseeable future.

## **Competition**

We compete in the large outdoor, leisure, recreation, and lifestyle apparel markets and may compete in other addressable lifestyle markets. Competition in our markets is based on a number of factors including product quality, performance, durability, styling, ease-of-use, and price, as well as brand image and recognition. We believe that we have been able to compete successfully on the basis of our superior design capabilities and product development, brands, customer service, and our DTC capabilities. We operate in a category of one and believe that our value proposition and unique branded digital strategy creates a competitive moat which sets us apart from competition in the broader fragmented outdoor, leisure, recreation, and lifestyle apparel markets.

## **Human Capital Management**

Solo Brands has a seasoned management team with extensive industry experience and a dedicated focus on developing a strong, intentional company culture. We continue to invest in our people, adding key management personnel to our platform with the goal to accelerate our profitable growth, strengthen and complement our existing leadership team, and leverage the sharing of best practices across the platform. Our increasingly well-known portfolio of brands and our culture of innovation, collaboration and personal development enables us to recruit top talent in all areas of our business.

We are focused on recruitment, retention, diversity and training, all areas where we see significant opportunity as we scale and bring on new team members. We believe the dedicated team of Solo Brands employees is a critical factor to our past and future success and intend to continue investing in our team's well-being. None of our employees are currently covered by a collective bargaining agreement. We have experienced no labor-related work stoppages and employee relations are considered to be good. As of December 31, 2022, we had approximately 350 employees.

## **Environmental, Social, and Governance**

Solo Brands believes in creating good and giving back to the communities that have supported our growth. We are committed to making a long-term impact through our initiatives which cover a broad range of ESG-related topics, including: environmental sustainability, water conservation, diversity, equity, inclusion, and mental health.

We partner with leading non-profits to drive meaningful change in supporting the conservation of our natural world. For example, our donations to-date as part of our partnerships are expected to result in the planting of more than ten thousand trees across the globe—with the goal of our donations over the next five years supporting the planting of one million trees. We also strive to serve individuals within our communities more directly, and have launched projects and foundations to do so. In 2020, we launched Project Good, which provides free Solo Brands products to people in need and provides a variety of local service projects, and in 2021, we launched Foundation 43, which expands access to mental health and suicide prevention services through local community organizations. We are also committed to fostering diversity in the workplace, with a five year goal of building a Solo Brands workforce that is fully representative of the diverse U.S. population. At Solo Brands, we believe businesses of the future must be accountable for leaving the world better than we found it.

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

*Our business involves significant risks, some of which are described below. 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 that we are unaware of or that we 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 results of operations and financial condition. In that event, the trading price and value of our Class A common stock could decline, and you may lose part or all of your investment.*

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

***Our business depends on maintaining and strengthening our brand and generating and maintaining ongoing demand for our products, and a significant reduction in such demand could harm our results of operations.***

We have developed a strong and trusted brand that we believe has contributed significantly to the success of our business, and we believe our continued success depends on our ability to maintain and grow the value and reputation of Solo Brands. Maintaining, promoting and positioning our brand and reputation will depend on, among other factors, the success of our product offerings, quality assurance, marketing and merchandising efforts, the reliability and reputation of our supply chain, our ability to grow and capture share of the outdoor lifestyle category, and our ability to provide a consistent, high-quality consumer experience. We have made substantial investments in these areas in order to maintain and enhance our brand and these experiences, but such investments may not be successful. Any negative publicity, regardless of its accuracy, could materially adversely affect our business. For example, our business depends in part on our ability to maintain a strong community of engaged customers and social media influencers. We may not be able to maintain and enhance a loyal customer base if we receive customer complaints, negative publicity or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, operating results and growth prospects.

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 brand or our products on social or digital media could seriously damage our brand 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 brand, such as any advertising campaigns or media allegations that challenge the sustainability of our products and our supply chain, or that challenge our marketing efforts regarding the quality of our products, which could have an adverse effect on our business, brand and reputation. Similar factors or events could impact the success of any brands or products we introduce in the future.

Our company image and brand 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 brand, our sales and results of operations could be negatively impacted. Our brand 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 brand and significantly damage our business, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

***If we are unable to successfully design and develop new products, our business may be harmed.***

Solo Stove made up the majority of our total revenue in the year ended December 31, 2022. Our future growth depends in part on our ability to expand sales of our other existing products and to introduce new and enhanced products. The success of our new and enhanced products depends on many factors, including anticipating consumer preferences, finding innovative solutions to consumer problems, differentiating our products from those of our competitors, and maintaining the strength of our brand while also expanding our brand beyond the categories of products we currently sell. The design and development of our products is costly and we typically have several products in development at the same time. If we misjudge or fail to anticipate consumer preferences or there are problems in the design or quality of our products, or delays in product introduction, our brand, business, financial condition, and results of operations could be harmed.

***Our recent growth rates may not be sustainable or indicative of future growth and we may not be able to effectively manage our growth.***

We have expanded our operations rapidly, especially over the last few years. The expansion of our operations was primarily due to our digital marketing strategy and by increased demand for outdoor recreation and leisure lifestyle products, as well as acquisition of additional companies. However, our historical growth rates are likely not sustainable or indicative of future growth. We believe that our continued revenue growth will depend upon, among other factors:

- Increasing U.S. brand awareness;
- Our ability to obtain adequate protections for our intellectual property;
- Product innovation to expand our total addressable market;
- Complementary acquisitions; and
- International expansion.

We have a limited history operating our business at its current scale. As a result of our growth, our employee headcount and the scope and complexity of our business have increased substantially, and we are continuing to implement policies and procedures that we believe are appropriate for a company of our size and operating as a new public company. In the future, we may expand into new product categories with which we do not have any experience. We may experience difficulties as we continue to implement changes to our business and related policies and procedures to keep pace with our recent growth and, if our operations continue to grow at a rapid pace, in managing such growth and building the appropriate processes and controls in the future. Continued growth may increase the strain on our resources, and we could experience operating difficulties, including difficulties in sourcing, logistics, recruiting, maintaining internal controls, marketing, designing innovative products, and meeting consumer needs. If we do not adapt to meet these evolving challenges, the strength of our brand may erode, the quality of our products may suffer, we may not be able to deliver products on a timely basis to our customers, and our corporate culture may be harmed.

In addition, we expect to make significant investments in our research and development and sales and marketing organizations, expand our operations and infrastructure both domestically and internationally, design and develop new products, and enhance our existing products with newly developed products and through acquisitions. If our sales do not increase at a sufficient rate to offset these increases in our operating expenses, our profitability may decline in future periods.

***Our business could be harmed if we are unable to accurately forecast demand for our products or our results of operations.***

To ensure adequate inventory supply, we forecast inventory needs and place orders with our manufacturers before we receive firm orders from our retail partners or customers and we may not be able to do so accurately. If we fail to accurately forecast demand, we may experience excess inventory levels or a shortage of product and delays in delivering to our retail partners and through our DTC channel, particularly due to uncertainty and delays related to global supply chain challenges.

If we underestimate the demand for our products, our manufacturers may not be able to scale quickly enough to meet demands, and this could result in delays in the shipment of our products and our failure to satisfy demand, as well as damage to our reputation and retail partner relationships. If we overestimate the demand for our products, we could face inventory levels in excess of demand, which could result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would harm our gross margins. In addition, failure to accurately predict the level of demand for our products could cause a decline in sales and harm our results of operations and financial condition. Factors that may impact our ability

to forecast demand for our products include shifting consumer trends, unforeseen supply chain delays, global economic conditions, increased competition and our limited operating experience.

In addition, we may not be able to accurately forecast our results of operations and growth rate. Forecasts may be particularly challenging as we expand into new markets and geographies, and develop and market new products. Our historical sales, expense levels, and profitability may not be an appropriate basis for forecasting future results in these new markets and with new products.

Failure to accurately forecast our results of operations and growth rate could cause us to make incorrect operating decisions and we may not be able to adjust in a timely manner. Consequently, actual results could be materially lower than anticipated. Even if the markets in which we compete expand, we cannot assure you that our business or profitability will grow at similar rates, if at all.

***Our marketing strategy of associating our brand and products with outdoor, group activities may not be successful with existing and future customers.***

We believe that we have been successful in marketing our products by associating our brand and products with outdoor activities to be experienced with family and friends. To sustain long-term growth, we must not only continue to successfully promote our products to consumers who identify with or aspire to these activities, as well as to individuals who value the differentiated function, high quality, and specialized design of our products, but also promote new products with which we may not have experience and attract more customers to our existing products. If we fail to successfully market and sell our products to our existing customers or expand our customer base, our sales could decline or we may be unable to grow our business.

***If we fail to attract new customers in a cost-effective manner, our business may be harmed.***

A large part of our success depends on our ability to attract new customers in a cost-effective manner. We have made, and may continue to make, significant investments in attracting new customers through increased advertising spends on social media, influencers and brand affiliates, radio, podcasts, linear television, and targeted email communications. Marketing campaigns can be expensive and may not result in the cost-effective acquisition of customers. Further, as our brand becomes more widely known, future marketing campaigns may not attract new customers at the same rate as past campaigns and the cost of acquiring new customers may increase over time. If we are unable to attract new customers, or fail to do so in a cost-effective manner, our business may be harmed.

***Our growth depends, in part, on expanding into additional consumer markets, and we may not be successful in doing so.***

We believe that our future growth depends not only on continuing to provide our current customers with new products, but also continuing to enlarge our customer base. The growth of our business will depend, in part, on our ability to continue to expand in the United States, as well as into international markets. We are investing significant resources in these areas, and although we hope that our products will gain popularity, we may face challenges that are different from those we currently encounter, including competitive, merchandising, distribution, hiring, and other difficulties. We may also encounter difficulties in attracting customers due to a lack of consumer familiarity with or acceptance of our brand, or a resistance to paying for premium products, particularly in international markets. In addition, although we are investing in sales and marketing activities to further penetrate newer regions, including expansion of our dedicated sales force, we may not be successful. If we are not successful, our business and results of operations may be harmed.

***Our net sales and profits depend on the level of customer spending for our products, which is sensitive to general economic conditions and other factors.***

Our products are discretionary items for customers. Therefore, the success of our business depends significantly on economic factors and trends in consumer spending. There are a number of factors that influence consumer spending, including actual and perceived economic conditions, consumer confidence, disposable consumer income, consumer credit availability, unemployment, inflation, and tax rates in the markets where we sell our products. Consumers also have discretion as to where to spend their disposable income and may choose to purchase other items or services. As global economic conditions continue to be volatile, and economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to declines. Any of these factors could harm discretionary consumer spending, resulting in a reduction in demand for our products, decreased prices, increased costs to make sales, and harm to our business and results of operations. Moreover, consumer purchases of discretionary items, such as our products, tend to decline during recessionary periods when disposable income is lower or during other periods of economic instability or uncertainty, which may slow our growth more than we anticipate. A downturn in the economies in markets in which we sell our products, particularly in the United States, may materially harm our sales, profitability, and financial condition.

***The COVID-19 pandemic or other pandemics could adversely affect our business, sales, financial condition, results of operations and cash flows, and our ability to access current or obtain new lending facilities.***

The COVID-19 pandemic continues to evolve, with pockets of resurgence and the emergence of variant strains contributing to continued uncertainty about its scope, duration, severity, trajectory, and lasting impact. COVID-19 may continue to impact global economic conditions as well as the global supply chain. Challenges in the global supply chain continue to cause disruption and delay in various industries. These disruptions and delays have

strained certain domestic and international supply chains, which have affected and could continue to negatively affect the flow or availability of certain products, which could cause delays in product launches and inventory challenges as discussed above.

Additional outbreaks of COVID-19, the development and spread of variants or any resurgence of existing outbreaks, and the requirements to take action to help limit the spread of the illness, could impact our ability to carry out our business as usual and may materially adversely impact global economic conditions, our business, results of operations, cash flows and financial condition. The extent of the impact of COVID-19 on our business and financial results will depend on future developments, including the duration and severity of the outbreak (including the severity and transmission rates of new variants of the virus that causes COVID-19) within the markets in which we operate, the timing, distribution, rate of public acceptance and efficacy of vaccines and other treatments, the related impact on consumer confidence and spending, the effect of governmental regulations imposed in response to the pandemic and the extent to which consumers modify their behavior as social distancing and related precautions are lifted, all of which are highly uncertain and ever-changing. The sweeping nature of the COVID-19 pandemic makes it extremely difficult to predict how our business and operations will be affected in the longer run. However, the likely overall economic impact of the pandemic could be viewed as highly negative to the general economy. Any of the foregoing factors, or other cascading effects of the COVID-19 pandemic or its aftermath, could materially increase our costs, negatively impact our sales and damage our results of operations and liquidity, possibly to a significant degree. The duration of any such impacts cannot be predicted. In addition, new pandemics may emerge in the future that could have similar negative effects on the macroeconomic conditions generally and our business, results of operations and financial condition.

To the extent the COVID-19 pandemic or its aftermath adversely affect our business and financial results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section.

***The markets in which we compete are highly competitive and we could lose our market position.***

The markets in which we compete are highly competitive, typically with low barriers to entry. The number of competing companies continues to increase. Competition in these product markets is based on a number of factors including product quality, performance, durability, availability, styling, brand image and recognition, and price. Our competitors may be able to develop and market similar products that compete with our products, sell their products for lower prices, offer their products for sale in more areas, adapt to changes in consumers’ needs and preferences more quickly, devote greater resources to the design, sourcing, distribution, marketing, and sale of their products, or generate greater brand recognition than us. In addition, as we expand into new areas and new product categories we will continue to face, different and, in some cases, more formidable competition. Many of our competitors and potential competitors have significant competitive advantages, including learning from our experiences and taking advantage of new product popularity, greater financial strength, larger research and development teams, larger marketing budgets, and more distribution and other resources than we do. Some of our competitors may aggressively discount their products or offer other attractive sales terms in order to gain market share, which could result in pricing pressures, reduced profit margins, or lost market share. If we are not able to overcome these potential competitive challenges, effectively market our current and future products, and otherwise compete effectively against our current or potential competitors, our prospects, results of operations, and financial condition could be harmed.

***Competitors have imitated and will likely continue to imitate our products. We may not be able to adequately protect our intellectual property, and if we are unable to protect or preserve our brand image and proprietary rights, our business may be harmed.***

We attempt to protect our intellectual property rights, both in the United States and in foreign countries, through a combination of patent, trademark, copyright, design, and trade secret laws, as well as licensing, assignment, and confidentiality agreements with our employees, consultants, suppliers and manufacturers. While it is our policy to protect and defend our intellectual property, we cannot be sure that the actions we have taken to establish and protect our patents, trademarks and other proprietary rights will be adequate to protect us, or that any of our intellectual property will not be challenged or held invalid or unenforceable.

Our success depends in large part on our brand image and, in particular, on the strength of our Solo Stove, Chubbies, ISLE, and Oru trademarks. We rely on trademark protection to protect our brands, and we have registered or applied to register many of these trademarks. While we have registered or applied to register our material trademarks in the United States and several other markets, we have not registered all of our marks in all of the jurisdictions in which we currently conduct or intend to conduct business. Further, even if we seek to register these trademarks, we cannot be sure that our trademark applications will be successful. These applications may also be challenged or opposed by third parties. In the event that our trademarks are successfully challenged and we lose the rights to use those trademarks, we could be forced to rebrand our products, requiring us to devote resources to advertising and marketing new brands.

In addition, we rely on design patents, as well as registered designs, to protect our products and designs. We have also applied for, and expect to continue to apply for, utility patent and design protection relating to proprietary aspects of existing and proposed products. We cannot be sure that any of our patent or design applications will result in issued patents or registered designs, or that any patents issued as a result of our patent applications will be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Third parties may challenge the validity and enforceability of certain of our patents, including through patent office *ex parte* reexamination, *inter partes* review or post-grant proceedings. Regardless of outcome, such challenges may result in substantial legal expenses and diversion of management’s time and attention from our other business operations. In some instances, our patent claims could be substantially narrowed or declared invalid or unenforceable. Any significant adverse finding by a patent office or adverse verdict of a court as to the validity, enforceability, or scope of certain of our patents could adversely affect our competitive position and otherwise harm our business.

We regard our intellectual property rights as critical to our success. We regularly monitor for infringement, and we employ third-party watch services in support of these efforts and have from time to time instituted litigation to enforce our trademarks, patents and other intellectual property, and we expect to do so in the future. Nevertheless, the steps we take to protect our proprietary rights against infringement or other violation may be inadequate and we may experience difficulty in effectively limiting the unauthorized use of our patents, trademarks, trade dress, and other intellectual property and proprietary rights worldwide. As our business continues to expand, some of our competitors have imitated, and will likely continue to imitate, our product designs and branding, which could harm our business and results of operations. In addition, our use of third-party suppliers and manufacturers presents a risk of counterfeit goods entering the marketplace. Because our products are manufactured overseas in countries where counterfeiting is more prevalent, and we intend to increase our sales overseas over the long term, we may experience increased copying of our products. Certain foreign countries do not protect intellectual property rights as fully as they are protected in the United States and, accordingly, intellectual property protection may be limited or unavailable in some foreign countries where we choose to do business. It may therefore be more difficult for us to successfully challenge the use of our intellectual property rights by other parties in these countries, which could diminish the value of our brands or products and cause our competitive position and growth to suffer.

As we develop new products and seek to expand internationally, we will continue to incur greater costs in connection with securing the issuance or registration of patents, trademarks, copyrights, and other intellectual property rights. This increased intellectual property activity will also increase our costs to monitor and enforce our intellectual property rights. While we actively seek to secure and protect our intellectual property rights, there can be no assurance that we will be adequately protected in all countries in which we conduct our business or that we will prevail when defending our patent, trademark, and proprietary rights. If difficulties arise securing such rights or protracted litigation is necessary to enforce such rights, our business and financial condition could be harmed.

Additionally, we could incur significant costs and management distraction in pursuing claims to enforce our intellectual property rights through litigation, and defending any alleged counterclaims. If we are unable to protect or preserve the value of our patents, trade dress, trademarks, copyrights, or other intellectual property rights for any reason, or if we fail to maintain our brand image due to actual or perceived product or service quality issues, adverse publicity, governmental investigations or litigation, or other reasons, our brand and reputation could be damaged and our business may be harmed.

***We may be subject to liability if we infringe upon the intellectual property rights of third parties and have increased costs protecting our intellectual property rights.***

Third parties may sue us for alleged infringement of their intellectual property rights. The party claiming infringement might have greater resources than we do to pursue its claims, and we could be forced to incur substantial costs and devote significant management resources to defend against such litigation, even if the claims are meritless and even if we ultimately prevail. Also third parties may make infringement claims against us that relate to technology developed or used by one of our manufacturers for which our manufacturers may or may not indemnify us. Even if we are indemnified against such costs, the indemnifying party may be unable to comply with its contractual obligations and disputes over the scope of these obligations could require additional litigation. If the party claiming infringement were to prevail, we could be forced to modify or discontinue our products, pay significant damages, or enter into expensive royalty or licensing arrangements with the prevailing party, any of which could have a material adverse effect on our business, financial condition and results of operations. Further, we cannot guarantee that a license from the prevailing party would be available on acceptable terms, or at all.

***We rely on third-party manufacturers and problems with, or the loss of, our suppliers or an inability to obtain raw materials could harm our business and results of operations.***

Our products are produced by third-party manufacturers. We face the risk that these third-party manufacturers may not produce and deliver our products on a timely basis, or at all. We have experienced, and will likely continue to experience, operational difficulties with our manufacturers and we may face similar or unknown operational difficulties or other risks with respect to future manufacturers, including with respect to new products. These difficulties include reductions in the availability of production capacity, errors in complying with product specifications and regulatory and customer requirements, insufficient quality control, failures to meet production deadlines, failure to achieve our product quality standards, increases in costs of manufacturing and materials, and manufacturing or other business interruptions. The ability of our manufacturers to effectively satisfy our production requirements could also be impacted by manufacturer financial difficulty or damage to their operations caused by fire, terrorist attack, riots, natural disaster, public health issues, or other events. The failure of any manufacturer to perform to our expectations could result in supply shortages or delays for certain products and harm our business. If we develop new products with significantly increased or new manufacturing requirements, otherwise experience significantly increased demand, or need to replace an existing manufacturer due to lack of performance, we may be unable to supplement or replace our manufacturing capacity on a timely basis or on terms that are acceptable to us, which may increase our costs, reduce our margins, and harm our ability to deliver our products on time. Additionally, we do not have long-term agreements in place with most of our third-party manufacturers, and such manufacturers could decide to stop working with us, which would require us to identify and qualify new manufacturers. For certain of our products, it may take a significant amount of time to identify and qualify a manufacturer that has the capability and resources to produce our products to our specifications in sufficient volume and satisfy our service and quality control standards.

The capacity of our manufacturers to produce our products is also dependent upon the availability of raw materials at a competitive rate. Our manufacturers may not be able to obtain sufficient supply of raw materials or do so at a competitive price, which could result in delays in deliveries of our products by our manufacturers or significantly increased costs. Any shortage of raw materials or inability of a manufacturer to produce or ship our products in a timely manner, or at all, could impair our ability to ship orders of our products in a cost-efficient, timely manner and could cause us



to miss the delivery requirements of our customers. As a result, we could experience cancellations of orders, refusals to accept deliveries, or reductions in our prices and margins, any of which could harm our financial performance, reputation, and results of operations.

We also depend on a limited number of third-party manufacturers for the sourcing of our products. We currently have a number of manufacturing partners located in various locations, including China, India, Vietnam, United States and Mexico. The majority of our fire pits, our highest grossing product, are currently made by one manufacturer in China, with additional limited production in China, India and Vietnam. We have attempted to increase manufacturing capacity and diversity by contracting with manufacturers outside of China, but new suppliers outside of China make up a small percentage of goods and may not be able to take on more production. As a result of this concentration in our supply chain, our business and operations would be negatively affected if our key manufacturer or suppliers were to experience significant disruption affecting the price, quality, availability, or timely delivery of products or were to refuse to supply us. The partial or complete loss of these manufacturers or suppliers, or a significant adverse change in our relationship with any of these manufacturers or suppliers, could result in lost sales, added costs, and distribution delays that could harm our business and customer relationships.

***Our business relies on cooperation of our suppliers, but not all relationships include written exclusivity agreements, which means that they could produce similar products for our competitors. If they produce similar products for our competitors, it could harm our results of operations.***

With all of our suppliers and manufacturers, we face the risk that they may fail to produce and deliver supplies or our products on a timely basis, or at all, or comply with our quality standards. In addition, they may decide to raise prices in the future, which would increase our costs and harm our margins. Those with whom we have executed supply contracts may still breach these agreements, and we may not be able to enforce our rights under these agreements or may incur significant costs attempting to do so. As a result, we cannot predict our ability to obtain supplies and finished products in adequate quantities, of required quality and at acceptable prices from our suppliers and manufacturers in the future. Any one of these risks could harm our ability to deliver our products on time, or at all, damage our reputation and our relationships with our retail partners and customers, and increase our product costs thereby reducing our margins.

In addition, we do not have written agreements requiring exclusivity with all of our manufacturers and suppliers. As a result, they could produce similar products for our competitors, some of which could potentially purchase products in significantly greater volume. Further, while certain of our contracts stipulate contractual exclusivity against production of similar products to ours, those suppliers or manufacturers could choose to breach our agreements and work with our competitors. Our competitors could enter into restrictive or exclusive arrangements with our manufacturers or suppliers that could impair or eliminate our access to manufacturing capacity or supplies. Our manufacturers or suppliers could also be acquired by our competitors, and may become our direct competitors, thus limiting or eliminating our access to supplies or manufacturing capacity.

In addition, a former supplier holds certain intellectual property in China related to certain products manufactured there. If that manufacturer attempted to revoke or block the production of those products, or began to produce those products for one or more of our competitors, it would likely result in protracted litigation and could harm our other manufacturer relationships, increase our costs, and harm our business, including potentially forcing us to manufacture certain products outside of China.

***Fluctuations in the cost and availability of raw materials, equipment, labor, and transportation could cause manufacturing delays or increase our costs.***

The price and availability of key components used to manufacture our products has been increasing and may continue to fluctuate significantly. In addition, the cost of labor at our third-party manufacturers could increase significantly. For example, manufacturers in China have experienced increased costs in recent years due to shortages of labor and fluctuations of the Chinese Yuan in relation to the U.S. dollar. Additionally, the cost of logistics and transportation fluctuates in large part due to the price of oil, and availability can be limited due to political and economic issues. Any fluctuations in the cost and availability of any of our raw materials or other sourcing or transportation costs could harm our gross margins and our ability to meet customer demand. If we are unable to successfully mitigate a significant portion of these product cost increases or fluctuations, our results of operations could be harmed.

***Our products are manufactured by third parties outside of the United States, and our business may be harmed by legal, regulatory, economic, societal, and political risks associated with those markets.***

Our products are manufactured outside of the United States, and we make a limited number of sales of our products outside of the United States. Our reliance on suppliers and manufacturers in foreign markets, as well as our sales in non-U.S. markets, creates risks inherent in doing business in foreign jurisdictions, including: (a) the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions and laws relating to the importation and taxation of goods; (b) weaker protection for intellectual property and other legal rights than in the United States, and practical difficulties in enforcing intellectual property and other rights outside of the United States; (c) compliance with the U.S. Foreign Corrupt Practices Act, or FCPA, the UK Bribery Act 2010, or the Bribery Act, and other applicable anti-corruption laws, which generally prohibit companies from making improper payments to government officials (or in some cases commercial counterparties) for the purpose of obtaining or retaining business or securing an improper business advantage; (d) compliance with the U.S. Office of Foreign Assets Controls, or OFAC, which prohibit transacting with persons in certain territories as well as other sanctioned persons; (e) compliance with U.S. anti-money laundering regulations; (f) economic and political instability and acts of terrorism in the countries where our suppliers are located; (g) transportation interruptions or increases in transportation costs; (h) public health crises, such as pandemics and epidemics; and (i) the imposition of tariffs on components and products that we import into the United States or other markets. For example, the COVID-19 outbreak resulted in increased travel restrictions, supply chain disruptions, and extended shutdown of certain businesses around the globe. This, or a similar, public health crisis or any further political



developments or health concerns in markets in which our products are manufactured could result in social, economic and labor instability, adversely affecting the supply of our products and, in turn, our business, financial condition and results of operations. Although we have policies and controls to mitigate our risks in these areas, we cannot assure you that our directors, officers, employees, representatives, manufacturers, or suppliers have not engaged and will not engage in conduct for which we may be held responsible, nor can we assure you that our manufacturers, suppliers, or other business partners have not engaged and will not engage in conduct that could materially harm their ability to perform their contractual obligations to us or even result in our being held liable for such conduct. Violations of the FCPA, the Bribery Act, OFAC restrictions, or other export control, anti-corruption, anti-money laundering, and anti-terrorism laws, or allegations of such acts, could damage our reputation and subject us to civil or criminal investigations in the United States and in other jurisdictions and related shareholder lawsuits, could lead to substantial civil and criminal, monetary and nonmonetary penalties and could cause us to incur significant legal and investigatory fees, which could harm our business, financial condition, cash flows, and results of operations.

***If tariffs or other restrictions are placed on foreign imports or any related counter-measures are taken by other countries, our business and results of operations could be harmed.***

Geopolitical uncertainties and events could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our suppliers, logistics providers, manufacturing vendors and customers. Changes in commodity prices may also cause political uncertainty and increase currency volatility that can affect economic activity. During 2022, the majority of our products that were imported into the United States from China were subject to tariffs that were as high as 25%. The progress and continuation of trade negotiations between the United States and China continues to be uncertain and a further escalation of the trade war remains a possibility. These tariffs have, and will continue to have, an adverse effect on our results of operations and margins. We are unable to predict the magnitude, scope or duration of the imposed tariffs or the magnitude, scope or duration from any relief in increases to such tariffs, or the potential for additional tariffs or trade barriers by the United States, China or other countries, and any strategies we may implement to mitigate the impact of such tariffs or other trade actions may not be successful.

Changes in domestic social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently develop and sell products, and any negative sentiments towards the United States as a result of such changes, could also adversely affect our business. For example, if the United States government withdraws or materially modifies existing or proposed trade agreements, places greater restriction on free trade generally or imposes increases on tariffs on goods imported into the United States, particularly from China, our business, financial condition and results of operations could be adversely affected. In addition, negative sentiments towards the United States among non-U.S. customers and among non-U.S. employees or prospective employees could adversely affect sales or hiring and retention, respectively.

The foreign policies of governments may be volatile, and may result in rapid changes to import and export requirements, customs classifications, tariffs, trade sanctions and embargoes or other retaliatory trade measures that may cause us to raise prices, prevent us from offering products or providing services to particular entities or markets, may cause us to make changes to our operations, or create delays and inefficiencies in our supply chain. Furthermore, if the U.S. government imposes new sanctions against certain countries or entities, such sanctions could sufficiently restrict our ability to market and sell our products and may materially adversely affect our results of operations.

***If we fail to timely and effectively obtain shipments of products from our manufacturers and deliver products to our retail partners and customers, our business and results of operations could be harmed.***

Our business depends on our ability to source and distribute products in a timely manner. However, we cannot control all of the factors that might affect the timely and effective procurement of our products from our third-party manufacturers and the delivery of our products to our retail partners and customers.

Our third-party manufacturers ship most of our products to our distribution centers in the United States, the largest of which is in Texas. Our large reliance on our distribution center in Texas makes us more vulnerable to natural disasters, weather-related disruptions, accidents, system failures, public health issues, or other unforeseen events that could delay or impair our ability to fulfill retailer orders and/or ship merchandise purchased on our website, which could harm our sales. We import our products, and thus we are also vulnerable to risks associated with products manufactured abroad, including, among other things: (a) risks of damage, destruction, or confiscation of products while in transit to our distribution centers; and (b) transportation and other delays in shipments, including as a result of heightened security screening, port congestion, and inspection processes or other port-of-entry limitations or restrictions in the United States. In order to meet demand for a product, we may choose in the future to arrange for additional quantities of the product, if available, to be delivered through air freight, which is significantly more expensive than standard shipping by sea and, consequently, could harm our gross margins. Failure to procure our products from our third-party manufacturers and deliver merchandise to our retail partners and DTC channels in a timely, effective, and economically viable manner could reduce our sales and gross margins, damage our brand, and harm our business.

We also rely on the timely and free flow of goods through open and operational international shipping lanes and ports from our suppliers and manufacturers. Labor disputes or disruptions of shipping lanes, such as the Suez Canal blockage in 2021 or increased or continued delays at ports, our common carriers, or our suppliers or manufacturers could create significant risks for our business, particularly if these disputes result in work slowdowns, lockouts, strikes, or other disruptions during periods of significant importing or manufacturing, potentially resulting in delayed or cancelled orders by customers, unanticipated inventory accumulation or shortages, and harm to our business, results of operations, and financial condition.

In addition, we rely upon independent land-based and air freight carriers for product shipments from our distribution centers to our retail partners and customers who purchase through our DTC channel. We may not be able to obtain sufficient freight capacity on a timely basis or at favorable shipping rates and, therefore, may not be able to receive products from suppliers or deliver products to retail partners or customers in a timely and cost-effective manner.

Accordingly, we are subject to the risks, including labor disputes, union organizing activity, inclement weather, public health issues, and increased transportation costs, associated with our third-party manufacturers' and carriers' ability to provide products and services to meet our requirements. In addition, if the cost of fuel rises, the cost to deliver products may rise, which could harm our profitability.

***We depend in part on our retail partners to display and present our products to customers, and our failure to maintain and further develop our relationships with our domestic retail partners could harm our business.***

The physical placement of our products at our selected retail partners plays an important part in our sales strategy. Our wholesale retail sales are also increasing. These retail partners may decide to emphasize products from our competitors, to redeploy their retail floor space to other product categories, or to take other actions that reduce their purchases and visibility of our products. We do not receive long-term purchase commitments from our retail partners, and orders received are often cancellable. Factors that could affect our ability to maintain or expand our sales to these retail partners include: (a) failure to accurately identify the needs of our customers; (b) a lack of customer acceptance of new products or product expansions; (c) unwillingness of our retail partners and customers to attribute premium value to our new or existing products or product expansions relative to competing products; (d) failure to obtain shelf space from our retail partners; (e) new, well-received product introductions by competitors; (f) damage to our relationships with retail partners; (g) delays or defaults on our retail partners' payment obligations to us; and (h) store closures, decreased foot traffic, recession or other adverse effects resulting from public health crises such as the recent COVID-19 pandemic (or other future pandemics or epidemics).

We cannot assure you that our retail partners will continue to carry our current products or carry any new products that we develop. If we lose any of our key retail partners or any key retail partner reduces its purchases of our existing or new products or its number of stores or operations or promotes products of our competitors over ours, our brand, as well as our results of operations and financial condition, could be harmed. Because we are a premium brand, our sales depend, in part, on retail partners effectively displaying our products, including providing attractive space and point of purchase displays in their stores, and training their sales personnel to sell our products. If our retail partners reduce or terminate those activities, we may experience reduced sales of our products, resulting in lower gross margins, which would harm our results of operations. In addition, any store closures, decreased foot traffic and recession may adversely affect the performance and the financial condition of many of these customers. The foregoing could have a material adverse effect on our business and financial condition.

***Insolvency, credit problems or other financial difficulties that could confront our retail partners could expose us to financial risk.***

We sell to the large majority of our retail partners on open account terms and do not require collateral or a security interest in the inventory we sell them. Consequently, our accounts receivable with our retail partners are unsecured. Insolvency, credit problems, or other financial difficulties confronting our retail partners could expose us to financial risk. These actions could expose us to risks if they are unable to pay for the products they purchase from us. Financial difficulties of our retail partners could also cause them to reduce their sales staff, use of attractive displays, number or size of stores, and the amount of floor space dedicated to our products. Any reduction in sales by, or loss of, our current retail partners or customer demand, or credit risks associated with our retail partners, could harm our business, results of operations, and financial condition.

***If our independent suppliers, manufacturing partners and retail partners do not comply with ethical business practices or with applicable laws and regulations, our reputation, business, and results of operations would be harmed.***

Our reputation and our customers' willingness to purchase our products depend in part on our suppliers', manufacturers', and retail partners' compliance with ethical employment practices, such as with respect to child 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 and, in the case of retail partners, the promotion and sale of our products. While we attempt to only work with entities who agree to our Vendor Code of Conduct, we do not exercise control over our suppliers, manufacturers, and retail partners and they may not comply with ethical and lawful business practices. If our suppliers, manufacturers, or retail partners 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 and we could be exposed to litigation and additional costs that would harm our business, reputation, and results of operations.

***We are subject to payment-related risks that may result in higher operating costs or the inability to process payments, either of which could harm our brand, reputation, business, financial condition and results of operations.***

For our DTC sales, as well as for sales to certain retail partners, we accept a variety of payment methods, including credit cards, debit cards, electronic funds transfers, electronic payment systems, and gift cards. Accordingly, we are, and will continue to be, subject to significant and evolving regulations and compliance requirements, including obligations to implement enhanced authentication processes that could result in increased costs and liability, and reduce the ease of use of certain payment methods. For certain payment methods, including credit and debit cards, as well as electronic payment systems, we pay interchange and other fees, which may increase over time. We rely on independent service providers for payment processing, including credit and debit cards. If these independent service providers become unwilling or unable to provide these services

to us or if the cost of using these providers increases, our business could be harmed. We are also subject to payment card association operating rules and agreements, including data security rules and agreements, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. In particular, we must comply with the Payment Card Industry Data Security Standard, or PCI-DSS, a set of requirements designed to ensure that all companies that process, store or transmit payment card information maintain a secure environment to protect cardholder data. We rely on vendors to handle PCI-DSS matters and to ensure PCI-DSS compliance. Should a vendor be subject to claims of non-compliance, or if our data security systems are breached or compromised, we may be liable for losses incurred by card issuing banks or customers, subject to fines and higher transaction fees, lose our ability to accept credit or debit card payments from our customers, or process electronic fund transfers or facilitate other types of payments. Any failure to comply could significantly harm our brand, reputation, business, financial condition and results of operations. In addition, PCI-DSS compliance may not prevent illegal or improper use of our payment systems or the theft, loss, or misuse of payment card data or transaction information.

***We may acquire or invest in other companies, which could divert our management's attention, result in dilution to our stockholders, and otherwise disrupt our operations and harm our results of operations.***

We have acquired, and intend in the future to acquire or invest in, other businesses, products, or technologies that we believe could complement or expand our business, enhance our capabilities, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various costs and expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated.

In any future acquisitions, we may not be able to successfully integrate acquired personnel, operations, and technologies, or effectively manage the combined business following the acquisition because of unforeseen complexity or costs. We also may not achieve the anticipated benefits from either past or future acquisitions due to a number of factors, including:

- risks associated with conducting due diligence;
- problems integrating the purchased businesses, products or technologies;
- anticipated and unanticipated costs or liabilities associated with the acquisition;
- inability to achieve anticipated synergies;
- issues maintaining uniform standards, procedures, controls and policies across our brands;
- the diversion of management's attention from other business concerns;
- the loss of our or the acquired business's key employees;
- adverse effects on existing business relationships with suppliers, distributors, retail partners and customers;
- risks associated with entering new markets in which we have limited or no experience;
- increased legal, accounting and compliance costs; or
- the issuance of dilutive equity securities, the incurrence of debt, or the use of cash to fund such acquisitions.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. If our acquisitions do not yield expected returns, we may be required to take charges to our results of operations based on this impairment assessment process, which could harm our results of operations.

***Our future success depends on the continuing efforts of our management and key employees, and on our ability to attract and retain highly skilled personnel and senior management.***

We depend on the talents and continued efforts of our senior management and key employees. The loss of members of our management or key employees may disrupt our business and harm our results of operations. Furthermore, our ability to manage further expansion will require us to continue to attract, motivate, and retain additional qualified personnel. Competition for this type of personnel is intense, and we may not be successful in attracting, integrating, and retaining the personnel required to grow and operate our business effectively. There can be no assurance that our current management team, or any new members of our management team, will be able to successfully execute our business and operating strategies.

***Our plans for international expansion may not be successful.***

Continued expansion into markets outside the United States is one of our key long-term strategies for the future growth of our business. This expansion requires significant investment of capital and human resources, new business processes and marketing platforms, legal compliance, and the attention of many managers and other employees who would otherwise be focused on other aspects of our business. There are significant costs and risks inherent in selling our products in international markets, including: (a) failure to effectively establish our core brand identity; (b) increased employment costs; (c) increased shipping and distribution costs, which could increase our expenses and reduce our margins; (d) potentially lower margins in some regions; (e) longer collection cycles in some regions; (f) increased competition from local providers of similar products; (g) compliance with foreign laws and regulations, including taxes and duties, laws governing the marketing and use of e-commerce websites and enhanced data privacy laws and security, rules, and regulations; (h) establishing and maintaining effective internal controls at foreign locations and the associated increased costs; (i) increased counterfeiting and the uncertainty of protection for intellectual property rights in some countries and practical difficulties of enforcing rights abroad; (j) compliance with anti-bribery, anti-corruption, sanctions and anti-money laundering laws, such as the FCPA, the Bribery Act, and OFAC regulations, by us, our employees, and our business partners; (k) currency exchange rate fluctuations and related effects on our results of operations; (l) economic weakness, including inflation, or political instability in foreign economies and markets; (m) compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad; (n) workforce uncertainty in countries

where labor unrest is more common than in the United States; (o) business interruptions resulting from geopolitical actions, including war and terrorism, such as the recent war between Russia and Ukraine, or natural disasters, including earthquakes, typhoons, floods, fires, and public health issues, including the outbreak of a pandemic or contagious disease, such as COVID-19, or xenophobia resulting therefrom; (p) the imposition of tariffs on products that we import into international markets that could make such products more expensive compared to those of our competitors; (q) that our ability to expand internationally could be impacted by the intellectual property rights of third parties that conflict with or are superior to ours; (r) difficulty developing retail relationships; and (s) other costs and risks of doing business internationally.

These and other factors could harm our international operations and, consequently, harm our business, results of operations, and financial condition. Further, we may incur significant operating expenses as a result of our planned international expansion, and it may not be successful. We have limited experience with regulatory environments and market practices internationally, and we may not be able to penetrate or successfully operate in new markets. We may also encounter difficulty expanding into international markets because of limited brand recognition, leading to delayed or limited acceptance of our products by customers in these markets, and increased marketing and customer acquisition costs to establish our brand. Accordingly, if we are unable to successfully expand internationally or manage the complexity of our global operations, we may not achieve the expected benefits of this expansion and our financial condition and results of operations could be harmed.

***Our business involves the potential for injury, property damage, quality problems, product recalls, product liability and other claims against us, which could affect our earnings and financial condition.***

Our Solo Stove products are designed to involve fire. If not properly handled, the fire our products involve poses significant danger for a number of reasons, including the possibility of burns, death, and significant property damage, including as a result of wildfires. As a result of fire or otherwise, if our Solo Stove or other products are defective or misused or if users of our products exercise impaired or otherwise poor judgment in the use of our products, the results could include personal injury to our customers or other third parties, death and significant property damage or destruction, and we could be exposed to significant liability and reputational damage.

As a manufacturer and distributor of consumer products, we are subject to the U.S. Consumer Products Safety Act of 1972, as amended by the Consumer Product Safety Improvement Act of 2008, which empowers the U.S. Consumer Products Safety Commission to exclude from the market products that are found to be unsafe or hazardous, and similar laws under foreign jurisdictions. Under certain circumstances, the Consumer Products Safety Commission or a comparable foreign agency could require us to repurchase or recall one or more of our products. Additionally, other laws and agencies regulate certain consumer products we sell in the United States and abroad, and more restrictive laws and regulations may be adopted in the future. Real or perceived quality problems or material defects in our current and future products could also expose us to credit, warranty or other claims. Although we currently have insurance in place, we also face exposure to product liability claims in the event that one of our products is alleged to have resulted in property damage, bodily injury or other adverse effects, and class action lawsuits related to the performance, safety or advertising of our products.

Any such quality issues or defects, product safety concerns, voluntary or involuntary product recall, government investigation, regulatory action, product liability or other claim or class action lawsuit may result in significant adverse publicity and damage our reputation and competitive position. In addition, real or perceived quality issues, safety concerns or defects could result in a greater number of product returns than expected from customers and our retail partners, and if we are required to remove, or voluntarily remove, one of our products from the market, we may have large quantities of finished products that we cannot sell. In the event of any governmental investigations, regulatory actions, product liability claims or class action lawsuits, we could face substantial monetary judgments or fines and penalties, or injunctions related to the sale of our products.

Although we maintain product liability insurance in amounts that we believe are reasonable, that insurance is, in most cases, subject to large policy premiums for which we are responsible. In addition, we may not be able to maintain such insurance on acceptable terms, if at all, in the future and product liability claims may exceed the amount of insurance coverage. We maintain a limited amount of product recall insurance and may not have adequate insurance coverage for claims asserted in class action lawsuits. As a result, product recalls, product liability claims and other product-related claims could have a material adverse effect on our business, results of operations and financial condition. We devote substantial resources to compliance with governmental and other applicable standards. However, compliance with these standards does not necessarily prevent individual or class action lawsuits, which can entail significant cost and risk. As a result, these types of claims could have a material adverse effect on our business, results of operations and financial condition.

***Our collection, use, storage, disclosure, transfer and other processing of personal information could give rise to significant costs and liabilities, including as a result of governmental regulation, uncertain or inconsistent interpretation and enforcement of legal requirements or differing views of personal privacy rights, which may have a material adverse effect on our reputation, business, financial condition and results of operations.***

We collect, store, process, transmit and use personal data that is sensitive to the Company and its employees, customers and suppliers. A variety of state, federal, and foreign laws, regulations and industry standards apply to the collection, use, retention, protection, disclosure, transfer and other processing of certain types of data, including the California Consumer Privacy Act (the “CCPA”), as amended by the California Privacy Rights Act, the “CPRA”), Canada’s Personal Information Protection and Electronic Documents Act, the General Data Protection Regulation, or GDPR, the UK General Data Protection Regulation, or UK GDPR, and the UK Data Protection Act 2018, or the UK DPA. As we seek to expand our business, we are, and may increasingly become subject to various laws, regulations and standards, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate. These laws, regulations and standards are continuously evolving and may be interpreted and applied

differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material adverse effect on our reputation, business, financial condition and results of operations.

#### *U.S. Privacy Laws*

Domestic privacy and data security laws are complex and changing rapidly. Within the United States, many states are considering adopting, or have already adopted, privacy regulations. Such regulations include the CCPA, which came into effect in 2020. The CCPA increases privacy rights for California consumers and imposes obligations on companies that process their personal information. Among other things, the CCPA gives California consumers expanded rights related to their personal information, including the right to access and delete their personal information, receive detailed information about how their personal information is used and shared. The CCPA also provides California consumers the right to opt-out of certain sales and sharing of personal information. The CCPA prohibits discrimination against individuals who exercise their privacy rights, and provides for civil penalties for violations enforceable by the California Attorney General as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action has increased the likelihood of, and risks associated with, data breach litigation. Additionally, in November 2020, California passed the California Privacy Rights Act (the “CPRA”), which amended the CCPA significantly, including by expanding consumers’ rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. Many of the CPRA’s provisions became effective on January 1, 2023. In addition, Virginia, Colorado, Utah and Connecticut recently passed comprehensive privacy laws that take effect in 2023 and will impose obligations similar to or more stringent than those we may face under other data privacy and security laws. Together, these laws will add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, could impact strategies and availability of previously useful data, and could result in increased compliance costs and/or changes in business practices and policies.

Our communications with our customers are subject to certain laws and regulations, including the Controlling the Assault of Non-Solicited Pornography and Marketing, or CAN-SPAM, Act of 2003, the Telephone Consumer Protection Act of 1991, or TCPA, and the Telemarketing Sales Rule and analogous state laws, that could expose us to significant damages awards, fines and other penalties that could materially impact our business. For example, the TCPA imposes various consumer consent requirements and other restrictions in connection with certain telemarketing activity and other communication with consumers by phone, fax or text message. The CAN-SPAM Act and the Telemarketing Sales Rule and analogous state laws also impose various restrictions on marketing conducted use of email, telephone, fax or text message. As laws and regulations, including FTC enforcement, rapidly evolve to govern the use of these communications and marketing platforms, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations could adversely impact our business, financial condition and results of operations or subject us to fines or other penalties.

In addition, some laws may require us to notify governmental authorities and/or affected individuals of data breaches involving certain personal information or other unauthorized or inadvertent access to or disclosure of such information. We may need to notify governmental authorities and affected individuals with respect to such incidents. For example, laws in all 50 U.S. states may require businesses to provide notice to consumers whose personal information has been disclosed as a result of a data breach. These laws are not consistent, and compliance in the event of a widespread data breach may be difficult and costly. We also may be contractually required to notify consumers or other counterparties of a security breach. Regardless of our contractual protections, any actual or perceived security breach or breach of our contractual obligations could harm our reputation and brand, expose us to potential liability or require us to expend significant resources on data security and in responding to any such actual or perceived breach.

#### *Non-U.S. Privacy Laws*

In Canada, the Personal Information Protection and Electronic Documents Act, or PIPEDA, and various provincial laws require that companies give detailed privacy notices to consumers, obtain consent to use personal information, with limited exceptions, allow individuals to access and correct their personal information, and report certain data breaches. In addition, Canada’s Anti-Spam Legislation, or CASL, prohibits email marketing without the recipient’s consent, with limited exceptions. Failure to comply with PIPEDA, CASL, or provincial privacy or data protection laws could result in significant fines and penalties or possible damage awards.

In the European Economic Area (the EEA), we are subject to the GDPR and in the United Kingdom, or UK, we are subject to the UK data protection regime consisting primarily of the UK GDPR and the UK DPA, in each case in relation to our collection, control, processing, sharing, disclosure and other use of data relating to an identifiable living individual (personal data). The GDPR and national implementing legislation in EEA member states, and the UK regime, impose a strict data protection compliance regime including: providing detailed disclosures about how personal data is collected and processed (in a concise, intelligible and easily accessible form); demonstrating that an appropriate legal basis is in place or otherwise exists to justify data processing activities; granting rights for data subjects in regard to their personal data (including data access rights, the right to be “forgotten” and the right to data portability); introducing the obligation to notify data protection regulators or supervisory authorities (and in certain cases, affected individuals) of significant data breaches; defining pseudonymized (*i.e.*, key-coded) data; imposing limitations on retention of personal data; maintaining a record of data processing; and complying with the principal of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit. The GDPR and the UK GDPR imposes substantial fines for breaches and violations (up to the greater of €20 million (or £17.5 million) or 4% of global annual turnover). In addition to the foregoing, a breach of the GDPR or UK GDPR could result in regulatory investigations, reputational damage, orders to cease/ change our processing of our data, enforcement notices, and/ or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where

individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm.

#### *Third Party Data Processing and Transfers*

We depend on a number of third parties in relation to the operation of our business, a number of which process personal data on our behalf. With each such provider we attempt to mitigate the associated risks of using third parties by performing security assessments and due diligence, entering into contractual arrangements to ensure that providers only process personal data according to our instructions, and that they have sufficient technical and organizational security measures in place. There is no assurance that these contractual measures and our own privacy and security-related safeguards will protect us from the risks associated with the third-party processing, storage and transmission of such information. Any violation of data or security laws by our third party processors could have a material adverse effect on our business and result in the fines and penalties outlined below.

We are also subject to the European Union, or EU, and UK rules with respect to cross-border transfers of personal data from the EEA and the UK to the United States and other jurisdictions that the European Commission/ UK competent authorities do not recognize as having “adequate” data protection laws unless a data transfer mechanism has been put in place. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA and the UK to the United States. Most recently, in July 2020, the Court of Justice of the EU, or CJEU, limited how organizations could lawfully transfer personal data from the EEA to the United States by invalidating the EU-US Privacy Shield Framework for purposes of international transfers and imposing further restrictions on use of the standard contractual clauses, or SCCs. These restrictions include a requirement for companies to carry out a transfer impact assessment which, among other things, assesses the laws governing access to personal data in the recipient country and considers whether supplementary measures that provide privacy protections additional to those provided under SCCs will need to be implemented to ensure an essentially equivalent level of data protection to that afforded in the EEA. In March 2022, the US and EU announced a new regulatory regime intended to replace the invalidated regulations; however, this new EU-US Data Privacy Framework has not been implemented beyond an executive order signed by President Biden on October 7, 2022 on Enhancing Safeguards for United States Signals Intelligence Activities. European court and regulatory decisions subsequent to the CJEU decision of July 16, 2020 have taken a restrictive approach to international data transfers. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the SCCs cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

#### *Self-Regulatory Industry Standards*

In addition to government regulation, privacy advocates and industry groups have proposed, and may propose in the future, self-regulatory standards. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. If we fail to comply with these contractual obligations or standards, we may face substantial liability or fines. We expect that there will continue to be new proposed laws and regulations concerning data privacy and security in the United States and other jurisdictions in which we operate. We cannot yet determine the impact such future laws, regulations and standards may have on our business or operations.

#### *Consumer Protection Laws and FTC Enforcement*

We make public statements about our use and disclosure of personal information through our privacy policies that are posted on our websites. The publication of our privacy policies and other statements that provide promises and assurances about data privacy and security can subject us to potential government or legal action if they are found to be deceptive, unfair or misrepresentative of our actual practices.

In addition, the FTC expects a company’s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Our failure to take any steps perceived by the FTC as appropriate to protect consumers’ personal information may result in claims by the FTC that we have engaged in unfair or deceptive acts or practices in violation of Section 5(a) of the FTC Act. State consumer protection laws provide similar causes of action for unfair or deceptive practices for alleged privacy, data protection and data security violations.

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. Governmental authorities 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. In particular, we are subject to evolving EU and UK privacy laws on cookies and e-marketing. In the EU and the UK, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and informed consent is required for the placement of a cookie or similar technologies on a user’s device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. Further, a recent European court decision, regulators’ recent guidance and recent campaigns by a not for profit organization are driving increased attention to cookies and tracking technologies. If regulators start to enforce the strict approach in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities.



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.

***We rely significantly on the use of information technology, as well as those of our third party service providers. Any significant failure, inadequacy, interruption or data security incident of our information technology systems, or those of our third-party service providers, could disrupt our business operations, which could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows.***

#### *Information Technology Dependencies*

We increasingly rely on information technology systems to market and sell our products, process, transmit and store electronic and financial information, manage a variety of business processes and activities and comply with regulatory, legal and tax requirements. We are increasingly dependent on the reliability and capacity of a variety of information systems to effectively manage our business, process customer orders, and coordinate the manufacturing, sourcing, distribution and sale of our products. We rely on information technology systems to effectively manage, among other things, our digital marketing activities, business data, electronic communications among our personnel, customers, manufacturers and suppliers around the world, supply chain, inventory management, customer order entry and order fulfillment, processing transactions, summarizing and reporting results of operations, human resources benefits and payroll management, compliance with regulatory, legal and tax requirements and other processes and data necessary to manage our business. These information technology systems, most of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. Any material disruption of our systems, or the systems of our third-party service providers, could disrupt our ability to track, record and analyze the products that we sell and could negatively impact our operations, shipment of goods, ability to process financial information and transactions, and our ability to receive and process online orders or engage in normal business activities. If our information technology systems suffer damage, disruption or shutdown and we do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected, and we could experience delays in reporting our financial results.

E-commerce is central to our business. We generate a majority of our sales through our websites, which is also a key component of our marketing strategy. We supplement our websites through relationships with select third-party e-commerce marketplaces, such as Amazon. As we do not control our third-party service providers, we cannot guarantee that they will respond satisfactorily to website downtime and other technical failures. Our or such third parties' failure to successfully respond to these risks could reduce e-commerce sales and, in the case of our website, damage our brand's reputation. The future operation, success and growth of our business depends on streamlined processes made available through information systems, global communications, internet activity and other network processes.

Our information technology systems may be subject to damage or interruption from telecommunications problems, data corruption, software errors, fire, flood, global pandemics and natural disasters, power outages, systems disruptions, system conversions, and/or human error. 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 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 or reduce the efficiency of our operations, including through impairment of our ability to leverage our e-commerce channels and fulfill customer orders, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, acquisition and retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time, the introduction of errors or vulnerabilities and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our current systems. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. Additionally, difficulties with implementing new technology systems, delays in our timeline for planned improvements, significant system failures, or our inability to successfully modify our information systems to respond to changes in our business needs may cause disruptions in our business operations and have a material adverse effect on our business, financial condition and results of operations.

Further, as part of our normal business activities, we collect and store certain confidential information, including personal information with respect to customers and employees, as well as information related to intellectual property, and the success of our e-commerce operations depends on the secure transmission of confidential and personal data over public networks, including the use of cashless payments. We may share some of this information with third party service providers who assist us with certain aspects of our business. Any failure on the part of us or our third party service providers to maintain the security of this confidential data and personal information, including via the penetration of our network security (or those of our third party service providers) and the misappropriation of confidential and personal information, could result in business disruption, damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings and private litigation, any or all of which could result in the Company incurring potentially substantial costs. Such events could also result in the deterioration of confidence in the Company by employees, consumers and customers and cause other competitive disadvantages.

## *Security Incidents*

Security incidents compromising the confidentiality, integrity, and availability of our confidential or personal information and our third-party service providers' information technology systems could result from cyber-attacks, computer malware, viruses, social engineering (including spear phishing and ransomware attacks), credential stuffing, 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 and our third party service providers rely. Any of these incidents could lead to interruptions or shutdowns of our platform, loss or corruption of data, or unauthorized access to or disclosure of personal data or other sensitive information. Cyberattacks could also result in the theft of our intellectual property. If we gain greater visibility, we may face a higher risk of being targeted by cyberattacks. Advances in computer capabilities, new technological discoveries or other developments may result in cyberattacks becoming more sophisticated and more difficult to detect. We and our third-party service providers may not have the resources or technical sophistication to anticipate or prevent all such cyberattacks. Moreover, techniques used to obtain unauthorized access to systems change frequently and may not be known until launched against us or our third-party service providers. Security breaches can also occur as a result of non-technical issues, including intentional or inadvertent actions by our employees, our third-party service providers, or their personnel.

Moreover, we and our third-party service providers may be more vulnerable to such attacks in remote work environments. As techniques used by cyber criminals change frequently, a disruption, cyberattack or other security breach of our information technology systems or infrastructure, or those of our third-party service providers, may go undetected for an extended period and could result in the theft, transfer, unauthorized access to, disclosure, modification, misuse, loss or destruction of our employee, representative, customer, vendor, consumer and/or other third-party data, including sensitive or confidential data, personal information and/or intellectual property. We cannot guarantee that our security efforts will prevent breaches or breakdowns of the Company's or its third-party service providers' information technology systems. In addition, our information systems are a target of cyberattacks and although the incidents that we have experienced to date have not had a material effect. If we or our third party service providers suffer, or are believed to have suffered, a material loss or disclosure of personal or confidential information as a result of an actual or potential breach of our information technology systems, we may suffer reputational, competitive and/or business harm, incur significant costs and be subject to government investigations, litigation, fines and/or damages, which could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows. Moreover, 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.

In addition, any such access, disclosure or other loss or unauthorized use of information or data, 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 personal information, including federal, state and foreign data protection and privacy regulations, violations of which could result in significant penalties and fines in the United States, Canada, EU and UK. 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 and any delay in identifying such breaches or incidents may lead to increased harm and legal exposure of the type described above.

***Our business may be adversely affected if we are unable to provide our customers a cost-effective platform that is able to respond and adapt to rapid changes in technology.***

The number of people who access the internet through devices other than personal computers, including mobile phones, smartphones, handheld computers such as notebooks and tablets, video game consoles, and television set-top devices, has increased dramatically in the past few years. The smaller screen size, functionality, and memory associated with some alternative devices may make the use of our sites and purchasing our products more difficult. The versions of our sites developed for these devices may not be compelling to consumers. In addition, it is time consuming and costly to keep pace with rapidly changing and continuously evolving technology. In 2022, the majority of orders were placed from a mobile device. However, we cannot be certain that our mobile applications or our mobile-optimized sites will be successful in the future.

As existing mobile devices and platforms evolve and new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in adjusting and developing applications for changed and alternative devices and platforms, and we may need to devote significant resources to the creation, support and maintenance of such applications. If we are unable to attract consumers to our websites through these devices or are slow to develop a version of our websites that is more compatible with alternative devices or a mobile application, we may fail to capture a significant share of consumers, which could materially and adversely affect our business.

***Government regulation of the Internet and e-commerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business and results of operations.***

We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet and e-commerce. Existing and future regulations and laws could impede the growth of the Internet, e-commerce or mobile commerce. These regulations and laws may involve taxes, tariffs, privacy, data protection, data security, anti-spam, content protection, electronic contracts and communications, consumer protection, website accessibility, Internet neutrality and gift cards. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the Internet as many of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. It is possible that general business regulations and laws, or those specifically governing the Internet or e-commerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in



business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our sites by consumers and suppliers and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. In addition, it is possible that governments of one or more countries or territories may seek to censor content available on our sites or may even attempt to completely block access to our sites. Adverse legal or regulatory developments could substantially harm our business. In particular, in the event that we are restricted, in whole or in part, from operating in one or more countries or territories, our ability to retain or increase our customer base may be adversely affected, and we may not be able to maintain or grow our net sales and expand our business as anticipated.

***We depend on cash generated from our operations to support our growth, and we may need to raise additional capital, which may not be available on terms acceptable to us or at all.***

We primarily rely on cash flow generated from our sales to fund our current operations and our growth initiatives. As we expand our business, we will need significant cash from operations to purchase inventory, increase our product development, expand our manufacturer and supplier relationships, pay personnel, pay for the increased costs associated with operating as a public company, including acquisitions, expand internationally, and to further invest in our sales and marketing efforts. If our business does not generate sufficient cash flow from operations to fund these activities and sufficient funds are not otherwise available from our current or future revolving credit facility, we may need additional equity or debt financing. If such financing is not available to us on satisfactory terms, our ability to operate and expand our business or to respond to competitive pressures would be harmed. Moreover, if we raise additional capital by issuing equity securities or securities convertible into equity securities, your ownership may be diluted. Any indebtedness we incur may subject us to covenants that restrict our operations and will require interest and principal payments that would create additional cash demands and financial risk for us.

***Our indebtedness may limit our ability to invest in the ongoing needs of our business and if we are unable to comply with the covenants in our current Revolving Credit Facility, our liquidity and results of operations could be harmed.***

On May 12, 2021, we entered into a Credit Agreement among Solo Brands, LLC, Solo Stove Intermediate, LLC, JPMorgan Chase Bank, N.A., and the Lenders and L/C Issuers party thereto (as subsequently amended on June 2, 2021 and September 1, 2021, the “Revolving Credit Facility”). As of December 31, 2022 we had \$20.0 million outstanding under the Revolving Credit Facility. The Revolving Credit Facility is jointly and severally guaranteed by Solo Stove Intermediate, LLC and any future subsidiaries that execute a joinder to the guaranty and related collateral agreements, or the Guarantors. The Revolving Credit Facility is also secured by a first priority lien on substantially all of our assets and the assets of the Guarantors, in each case subject to certain customary exceptions. We may, from time to time, incur additional indebtedness under the Revolving Credit Facility.

The Revolving Credit Facility places certain conditions on us, including that it:

- requires us to utilize a portion of our cash flow from operations and dispositions of assets to make payments on our indebtedness, reducing the availability of our cash flow to fund working capital, capital expenditures, development activity, return capital to our stockholders, and other general corporate purposes;
- increases our vulnerability to adverse economic or industry conditions;
- limits our flexibility in planning for, or reacting to, changes in our business or markets;
- makes us more vulnerable to increases in interest rates, as borrowings under the Revolving Credit Facility bear interest at variable rates;
- limits our ability to obtain additional financing in the future for working capital or other purposes; and
- could place us at a competitive disadvantage compared to our competitors that have less indebtedness.

The Revolving Credit Facility places certain limitations on our ability to incur additional indebtedness. However, subject to the qualifications and exceptions in the Revolving Credit Facility, we may incur substantial additional indebtedness under that facility. The Revolving Credit Facility also places certain limitations on our ability to enter into certain types of transactions, financing arrangements and investments, to make certain changes to our capital structure, and to guarantee certain indebtedness, among other things. The Revolving Credit Facility also places certain restrictions on the payment of dividends and distributions and certain management fees. These restrictions limit or prohibit, among other things, and in each case, subject to certain customary exceptions, our ability to: (a) pay dividends on, redeem or repurchase our stock, or make other distributions; (b) incur or guarantee additional indebtedness; (c) sell stock in our subsidiaries; (d) create or incur liens; (e) make acquisitions or investments; (f) transfer or sell certain assets or merge or consolidate with or into other companies; (g) make certain payments or prepayments of indebtedness subordinated to our obligations under the Revolving Credit Facility; and (h) enter into certain transactions with our affiliates.

The Revolving Credit Facility requires us to comply with certain covenants, including financial covenants regarding our Total Net Leverage Ratio and Interest Coverage Ratio. Fluctuations in a Total First Lien Net Leverage Ratio may increase our interest expense. Failure to comply with these covenants, failure to make payment when due, certain other provisions of the Revolving Credit Facility, or the occurrence of a change of control, could result in an event of default and an acceleration of our obligations under the Revolving Credit Facility or other indebtedness that we may incur in the future.

If such an event of default and acceleration of our obligations occurs, the lenders under the Revolving Credit Facility would have the right to foreclose against the collateral we granted to them to secure such indebtedness, which consists of substantially all of our assets. If the debt under the Revolving Credit Facility were to be accelerated, we may not have sufficient cash or be able to sell sufficient collateral to repay this debt, which would immediately and materially harm our business, results of operations, and financial condition. The threat of our debt being accelerated in

connection with a change of control could make it more difficult for us to attract potential buyers or to consummate a change of control transaction that would otherwise be beneficial to our stockholders.

***We have, in the past, identified a material weakness in our internal control over financial reporting. Any failure to maintain effective internal control over financial reporting could harm us.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

In accordance with the provisions of the JOBS Act, our independent registered public accounting firm was not required to, nor did they, provide attestation to our internal control over financial reporting in accordance with Section 404(b) of the Sarbanes-Oxley Act. However, we were required to perform an evaluation of our internal control over financial reporting as of December 31, 2022 in accordance with the provisions of Section 404(a) of the Sarbanes-Oxley Act. Accordingly, we have concluded at the reasonable assurance level that we have not identified material weaknesses in our internal control over financial reporting. However, we cannot provide absolute certainty that material weaknesses do not still exist.

Additional material weaknesses or significant deficiencies may be identified in the future. If we identify such issues or if we are unable to produce accurate and timely financial statements, our stock price may decline and we may be unable to maintain compliance with the NYSE listing standards.

***Our results of operations are subject to seasonal and quarterly variations, which could cause the price of our common stock to decline.***

We believe that our sales include a seasonal component. Historically, our net sales have been highest in our second and fourth quarters, with the first quarter typically generating the lowest sales. This historical sales trend is supported by the demand for our products at the beginning of the summer and holiday shopping seasons. However, fluctuations in our quarterly operating results and the price of our common stock may be particularly pronounced in the current economic environment.

Our annual and quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including, among other things, the timing of the introduction of and advertising for our new products and those of our competitors and changes in our product mix. Variations in weather conditions may also harm our quarterly results of operations. In addition, we may not be able to adjust our spending in a timely manner to compensate for any unexpected shortfall in our sales. As a result of these seasonal and quarterly fluctuations, we believe that comparisons of our results of operations between different quarters within a single fiscal year, or the same quarters of different fiscal years, are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance. In the event that any seasonal or quarterly fluctuations in our net sales and results of operations result in our failure to meet our forecasts or the forecasts of the research analysts that may cover us in the future, the market price of our common stock could fluctuate or decline.

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

We may be required to record future impairments of goodwill, other intangible assets, or fixed assets to the extent the fair value of these assets falls below their book value. Our estimates of fair value are based on assumptions regarding future cash flows, gross margins, expenses, discount rates applied to these cash flows, and current market estimates of value. Estimates used for future sales growth rates, gross profit performance, and other assumptions used to estimate fair value could cause us to record material non-cash impairment charges, which could harm our results of operations and financial condition.

***We are subject to credit risk.***

We are exposed to credit risk primarily on our accounts receivable. We provide credit to our retail partners in the ordinary course of our business. While we believe that our exposure to concentrations of credit risk with respect to trade receivables is mitigated by limiting our retail partners to well-known businesses, we nevertheless run the risk of our retail partners not being able to meet their payment obligations, particularly in a future economic downturn. If a material number of our retail partners are not able to meet their payment obligations, our results of operations could be harmed.

## Risks Related to Our Organizational Structure and the Tax Receivable Agreement

***Solo Brands, Inc.'s sole material asset is its interest in Holdings, and, accordingly, it will depend on distributions from Holdings to pay its taxes and expenses, including payments under the Tax Receivable Agreement. Holdings' ability to make such distributions may be subject to various limitations and restrictions.***

Solo Brands, Inc. is a holding company and has no material assets other than its ownership in Holdings. As such, Solo Brands, Inc. has no independent means of generating revenue or cash flow, and its ability to pay taxes and operating expenses or declare and pay dividends in the future, if any, is dependent upon the financial results and cash flows of Holdings and its subsidiaries, and distributions Solo Brands, Inc. receives from Holdings. There can be no assurance that Holdings and its subsidiaries will generate sufficient cash flow to distribute funds to Solo Brands, Inc., or that applicable state law and contractual restrictions, including negative covenants in any debt agreements of Holdings or its subsidiaries (including the Revolving Credit Facility), will permit such distributions. The terms of Holdings' or its subsidiaries' current and future debt instruments or other agreements may restrict the ability of Holdings to make distributions to Solo Brands, Inc. or of Holdings' subsidiaries to make distributions to Holdings.

Holdings is treated as a partnership for U.S. federal income tax purposes and, as such, generally will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to holders of LLC Interests, including Solo Brands, Inc. Accordingly, Solo Brands, Inc. will incur income taxes on its allocable share of any net taxable income of Holdings. Under the terms of the Holdings LLC Agreement, Holdings will be obligated, subject to various limitations and restrictions, including with respect to any debt agreements (including the Revolving Credit Facility), to make tax distributions to holders of LLC Interests, including Solo Brands, Inc. In addition to tax expenses, Solo Brands, Inc. will also incur expenses related to its operations, including payments under the Tax Receivable Agreement, which could be substantial. Solo Brands, Inc. intends, as its sole manager, to cause Holdings to make cash distributions to the owners of LLC Interests in an amount sufficient to (i) fund all or part of such owners' tax obligations in respect of taxable income allocated to such owners and (ii) cover Solo Brands, Inc.'s operating expenses, including payments under the Tax Receivable Agreement. However, Holdings' ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions under contracts or agreements to which Holdings is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering Holdings insolvent. Further, under certain circumstances, the existing covenants under the Revolving Credit Facility regarding tax distributions may not permit Holdings or its subsidiaries to make the full amount of tax distributions contemplated under the Holdings LLC Agreement unless another exception to such covenants is available; and there can be no assurance that any such other exception will be available. If Solo Brands, Inc. does not have sufficient funds to pay tax or other liabilities or to fund its operations, it may have to borrow funds, which could materially adversely affect its liquidity and financial condition and subject it to various restrictions imposed by any such lenders. To the extent that Solo Brands, Inc. is unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Solo Brands, Inc.'s failure to make any payment required under the Tax Receivable Agreement (including any accrued and unpaid interest) within 60 calendar days of the date on which the payment is required to be made will constitute a material breach of a material obligation under the Tax Receivable Agreement, which will terminate the Tax Receivable Agreement and accelerate future payments thereunder, unless the applicable payment is not made because (i) Holdings is prohibited from making such payment under the terms of the Tax Receivable Agreement or the terms governing certain of its indebtedness or (ii) Holdings does not have, and despite using commercially reasonable efforts cannot obtain, sufficient funds to make such payment. In addition, if Holdings does not have sufficient funds to make distributions, its ability to declare and pay cash dividends will also be restricted or impaired.

Under the Holdings LLC Agreement, Holdings will, from time to time, make distributions in cash to its equity holders (including Solo Brands, Inc.) *pro rata*, in amounts at least sufficient to cover the taxes on their allocable share of taxable income of Holdings (subject to the limitations and restrictions described above, including under the Revolving Credit Facility). As a result of (i) potential differences in the amount of net taxable income allocable to Solo Brands, Inc. and to Holdings' other equity holders, (ii) the lower tax rates currently applicable to corporations as opposed to individuals, and (iii) the favorable tax benefits that Solo Brands, Inc. anticipates from any purchase of LLC Interests from the Continuing LLC Owners in connection with the Transactions and future redemptions or exchanges of LLC Interests by the Continuing LLC Owners for Solo Brands, Inc. Class A common stock or cash pursuant to the Holdings LLC Agreement, tax distributions payable to Solo Brands, Inc. may be in amounts that exceed its actual tax liabilities with respect to the relevant taxable year, including its obligations under the Tax Receivable Agreement. Solo Brands, Inc.'s board of directors will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, the payment of other expenses or dividends on Solo Brands, Inc.'s stock, although Solo Brands, Inc. will have no obligation to distribute such cash (or other available cash) to its stockholders.

Except as otherwise determined by Solo Brands, Inc. as the sole manager of Holdings, no adjustments to the exchange ratio for LLC Interests and corresponding shares of Solo Brands, Inc. Class A common stock will be made as a result of any cash distribution by Solo Brands, Inc. or any retention of cash by Solo Brands, Inc. To the extent Solo Brands, Inc. does not distribute such excess cash as dividends on its Solo Brands, Inc. Class A common stock, it may take other actions with respect to such excess cash—for example, holding such excess cash or lending it (or a portion thereof) to Holdings, which may result in shares of Solo Brands, Inc. Class A common stock increasing in value relative to the value of LLC Interests. The Continuing LLC Owners may benefit from any value attributable to such cash balances if they acquire shares of Solo Brands, Inc. Class A common stock in exchange for their LLC Interests, notwithstanding that such holders may previously have participated as holders of LLC Interests in distributions by Holdings that resulted in such excess cash balances.

***The Tax Receivable Agreement requires Solo Brands, Inc. to make cash payments to the Continuing LLC Owners in respect of certain tax benefits to which Solo Brands, Inc. may become entitled, and no such payments will be made to any holders of Solo Brands, Inc. Class A***

***common stock unless such holders are also Continuing LLC Owners. The payments Solo Brands, Inc. will be required to make under the Tax Receivable Agreement may be substantial.***

Solo Brands, Inc. is a party to the Tax Receivable Agreement with the Continuing LLC Owners and Holdings. Under the Tax Receivable Agreement, Solo Brands, Inc. generally will be required to make cash payments to the Continuing LLC Owners equal to 85% of the tax benefits, if any, that Solo Brands, Inc. actually realizes, or in certain circumstances is deemed to realize, as a result of (1) increases in Solo Brands, Inc.'s proportionate share of the tax basis of the assets of Holdings resulting from (a) any future redemptions or exchanges of LLC Interests by the Continuing LLC Owners for Solo Brands, Inc. Class A common stock or cash pursuant to the Holdings LLC Agreement, as filed as Exhibit 10.2 with the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021, or (b) certain distributions (or deemed distributions) by Holdings and (2) certain other tax benefits arising from payments under the Tax Receivable Agreement. No such payments will be made to any holders of Solo Brands, Inc. Class A common stock unless such holders are also Continuing LLC Owners.

The amount of the cash payments that Solo Brands, Inc. will be required to make under the Tax Receivable Agreement may be substantial. Payments under the Tax Receivable Agreement are not conditioned on the Continuing LLC Owners' ownership of our shares. Assuming no material changes in the relevant tax law, that we earn sufficient taxable income to realize all tax benefits that are subject to the Tax Receivable Agreement and that all Continuing LLC Owners exchanged their common units for Class A common stock immediately following the completion of this offering, we would recognize an incremental deferred tax asset of approximately \$6.4 million and a related liability for payments under the Tax Receivable Agreement of approximately \$5.5 million based on our estimate of the aggregate amount that we will pay under the Tax Receivable Agreement as a result of such future exchanges. The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us and tax receivable agreement payments by us will be determined in part by reference to the market value of our Class A common stock at the time of the sale and the prevailing tax rates applicable to us over the life of the tax receivable agreement and will generally be dependent on us generating sufficient future taxable income to realize the benefit. Any payments made by Solo Brands, Inc. to the Continuing LLC Owners under the Tax Receivable Agreement will not be available for reinvestment in the business and will generally reduce the amount of cash that might have otherwise been available to Solo Brands, Inc. and its subsidiaries. To the extent Solo Brands, Inc. is unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Furthermore, Solo Brands, Inc.'s future obligations to make payments under the Tax Receivable Agreement could make Solo Brands, Inc. and its subsidiaries a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the Tax Receivable Agreement.

The actual amount and timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors, including the timing of redemptions or exchanges by the Continuing LLC Owners, the price of shares of Solo Brands, Inc. Class A common stock at the time of any exchange, the extent to which such exchanges are taxable, the amount of gain recognized by the Continuing LLC Owners, the amount and timing of the taxable income Holdings generates in the future, and the tax rates and laws then applicable. Our organizational structure, including the Tax Receivable Agreement, confers certain tax benefits upon the Continuing LLC Owners that may not benefit Class A Common Stockholders to the same extent as they will benefit the Continuing LLC Owners.

Our organizational structure, including the Tax Receivable Agreement, confers certain tax benefits upon the Continuing LLC Owners that may not benefit the holders of our Class A common stock to the same extent as they will benefit the Continuing LLC Owners. The Tax Receivable Agreement provides for our payment to the Continuing LLC Owners of 85% of the amount of tax benefits, if any, that we actually realize (or in some circumstances are deemed to realize) as a result of (i) increases in the tax basis of assets of Holdings resulting from (a) any future redemptions or exchanges of LLC Interests, and (b) certain distributions (or deemed distributions) by Holdings and (ii) certain other tax benefits arising from payments under the Tax Receivable Agreement. Although Solo Brands, Inc. will retain 15% of such tax benefits, this and other aspects of our organizational structure may adversely impact the future trading market for the Class A common stock.

***In certain cases, future payments under the Tax Receivable Agreement to the Continuing LLC Owners may be accelerated or significantly exceed the actual benefits Solo Brands, Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement.***

The Tax Receivable Agreement provides that if (i) Solo Brands, Inc. materially breaches any of its material obligations under the Tax Receivable Agreement, (ii) certain mergers, asset sales, other forms of business combinations, or other changes of control were to occur, or (iii) Solo Brands, Inc. elects an early termination of the Tax Receivable Agreement, then Solo Brands, Inc.'s future obligations, or its successor's future obligations, under the Tax Receivable Agreement to make payments thereunder would accelerate and become due and payable, based on certain assumptions, including an assumption that Solo Brands, Inc. would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement, and an assumption that, as of the effective date of the acceleration, any Continuing LLC Owner that has LLC Interests not yet exchanged shall be deemed to have exchanged such LLC Interests on such date, even if Solo Brands, Inc. does not receive the corresponding tax benefits until a later date when the LLC Interests are actually exchanged.

As a result of the foregoing, Solo Brands, Inc. would be required to make an immediate cash payment equal to the estimated present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, based on certain assumptions, which payment may be made significantly in advance of the actual realization, if any, of those future tax benefits and, therefore, Solo Brands, Inc. could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual tax benefits it ultimately realizes. In addition, to the extent that Solo Brands, Inc. is unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Solo Brands, Inc.'s failure to make any payment required under the Tax Receivable Agreement (including any accrued and unpaid interest) within 60 calendar days of the date on which the payment is required to be made will constitute a material breach of a material obligation under the Tax Receivable Agreement, which will terminate the Tax Receivable Agreement and accelerate future payments thereunder, unless the applicable payment is not made because (i) Holdings is prohibited from making such payment under the terms of the Tax Receivable Agreement or the terms governing certain of its indebtedness or (ii) Holdings does not have, and despite using commercially

reasonable efforts cannot obtain, sufficient funds to make such payment. In these situations, Solo Brands, Inc.'s obligations under the Tax Receivable Agreement could have a substantial negative impact on Solo Brands, Inc.'s liquidity and could have the effect of delaying, deferring, or preventing certain mergers, asset sales, other forms of business combinations, or other changes of control. There can be no assurance that Holdings will be able to fund or finance Solo Brands, Inc.'s obligations under the Tax Receivable Agreement.

***Solo Brands, Inc. will not be reimbursed for any payments made to the Continuing LLC Owners under the Tax Receivable Agreement in the event that any tax benefits are disallowed.***

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that Solo Brands, Inc. determines, and the IRS or another tax authority may challenge all or part of the tax basis increases or other tax benefits Solo Brands, Inc. claims, as well as other related tax positions it takes, and a court could sustain any such challenge. If the outcome of any such challenge would reasonably be expected to materially and adversely affect a recipient's payments under the Tax Receivable Agreement, then we will not be permitted to settle or fail to contest such challenge without the consent (not to be unreasonably withheld or delayed) of certain representatives of the Continuing LLC Owners. The interests of such representatives of the Continuing LLC Owners in any such challenge may differ from or conflict with our interests and your interests, and they may exercise their consent rights relating to any such challenge in a manner adverse to our interests. In addition, Solo Brands, Inc. will not be reimbursed for any cash payments previously made to the Continuing LLC Owners under the Tax Receivable Agreement in the event that any tax benefits initially claimed by Solo Brands, Inc. and for which payment has been made to the Continuing LLC Owners are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by Solo Brands, Inc. to the Continuing LLC Owners will be netted against any future cash payments that Solo Brands, Inc. might otherwise be required to make to the Continuing LLC Owners under the terms of the Tax Receivable Agreement. However, Solo Brands, Inc. might not determine that it has effectively made an excess cash payment to the Continuing LLC Owners for a number of years following the initial time of such payment, and, if any of its tax reporting positions are challenged by a taxing authority, Solo Brands, Inc. will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. Moreover, the excess cash payments Solo Brands, Inc. previously made under the Tax Receivable Agreement could be greater than the amount of future cash payments against which Solo Brands, Inc. would otherwise be permitted to net such excess. The applicable U.S. federal income tax rules for determining applicable tax benefits Solo Brands, Inc. claims are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with Solo Brands, Inc.'s tax reporting positions. As a result, payments could be made under the Tax Receivable Agreement in excess of the tax savings that Solo Brands, Inc. actually realizes in respect of the tax attributes with respect to the Continuing LLC Owners that are the subject of the Tax Receivable Agreement.

***Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results of operations and financial condition.***

We are subject to taxes by the U.S. federal, state, local and foreign tax authorities, and our tax liabilities will be affected by the allocation of expenses to differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of equity-based compensation;
- changes in tax laws, regulations or interpretations thereof; or
- future earnings being lower than anticipated in countries where we have lower statutory tax rates and higher than anticipated earnings in countries where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.S. federal, state, local and foreign taxing authorities. Outcomes from these audits could adversely affect our business, results of operations and financial condition.

Additionally, tax authorities at the foreign, federal, state and local levels are currently reviewing the appropriate treatment of companies engaged in e-commerce. New or revised foreign, federal, state or local tax regulations or court decisions may subject us or our customers to additional sales, income and other taxes. There is also uncertainty over sales tax liability as a result of the U.S. Supreme Court's decision in *South Dakota v. Wayfair, Inc.*, which held that states could impose sales tax collection obligations on out-of-state sellers even if those sellers lack any physical presence within the states imposing the sales taxes. Under *Wayfair*, a person requires only a "substantial nexus" with the taxing state before the state may subject the person to sales tax collection obligations therein. An increasing number of states (both before and after the publication of *Wayfair*) have considered or adopted laws that attempt to impose sales tax collection obligations on out-of-state sellers. The Supreme Court's *Wayfair* decision has removed a significant impediment to the enactment and enforcement of these laws. While we do not expect the Court's decision to have a significant impact on our business, other new or revised taxes and, in particular, sales taxes, VAT and similar taxes could increase the cost of doing business online and decrease the attractiveness of selling products over the internet. New taxes and rulings could also create significant increases in internal costs necessary to capture data and collect and remit taxes.

***If we were deemed to be an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act, as a result of our ownership of Holdings, applicable restrictions could make it impractical for us to continue our business as contemplated and could adversely affect our business, results of operations and financial condition.***

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or

proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an “investment company,” as such term is defined in either of those sections of the 1940 Act.

As the sole managing member of Holdings, we control and operate Holdings. On that basis, we believe that our interest in Holdings is not an “investment security” as that term is used in the 1940 Act. However, if we were to cease participation in the management of Holdings, our interest in Holdings could be deemed an “investment security” for purposes of the 1940 Act.

We and Holdings intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could adversely affect our business, results of operations and financial condition.

***Solo Brands, Inc. is controlled by the Original LLC Owners, whose interests may differ from those of our public stockholders.***

The Original LLC Owners control the majority of the combined voting power of our common stock through their ownership of both Class A common stock and Class B common stock. The Original LLC Owners will, for the foreseeable future, have the ability to substantially influence us through their ownership position over corporate management and affairs, and will be able to control virtually all matters requiring stockholder approval. The Original LLC Owners are able to, subject to applicable law, and the voting arrangements described in the Prospectus, elect a majority of the members of our board of directors and control actions to be taken by us and our board of directors, including amendments to our certificate of incorporation and bylaws and approval of significant corporate transactions, including mergers and sales of substantially all of our assets. The directors so elected will have the authority, subject to the terms of our indebtedness and applicable rules and regulations, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. It is possible that the interests of the Original LLC Owners may in some circumstances conflict with our interests and the interests of our other stockholders, including you. For example, the Continuing LLC Owners may have different tax positions from us, especially in light of the Tax Receivable Agreement that could influence our decisions regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when Solo Brands, Inc. should terminate the Tax Receivable Agreement and accelerate its obligations thereunder. In addition, the determination of future tax reporting positions and the structuring of future transactions may take into consideration the Continuing LLC Owners’ tax or other considerations, which may differ from the considerations of us or our other stockholders.

#### **Risks Related to Ownership of our Class A Common Stock**

***Failure to establish and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could adversely affect our business and stock price.***

As a public company, we are required to comply with the SEC’s rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal controls over financial reporting. However, as an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b) until the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating.

To comply with the requirements of being a public company, we have undertaken various actions, and may need to take additional actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal controls can divert our management’s attention from other matters that are important to the operation of our business. Additionally, when evaluating our internal controls over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses in our internal controls over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal controls over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

***The Continuing LLC Owners have the right to have their LLC Interests redeemed pursuant to the terms of the Holdings LLC Agreement, which may dilute the owners of the Class A common stock.***

As of March 6, 2023, we have an aggregate of 411,348,949 shares of Class A common stock authorized but unissued, including approximately 33,416,783 shares of Class B common stock issuable upon redemption of LLC Interests, 32,362,227 of which had vested and are held by the Continuing LLC Owners. In connection with the completion of our IPO, Holdings entered into the Holdings LLC Agreement and, subject to certain restrictions set forth therein and as described elsewhere in the Prospectus, the Continuing LLC Owners are entitled to have their LLC Interests redeemed for shares of our Class A common stock. We also entered into the Registration Rights Agreement with the Original LLC Owners, certain of our other stockholders and Holdings pursuant to which the shares of Class A common stock issued to the Continuing LLC Owners upon redemption of their LLC Interests and the shares of Class A common stock issued to the Former LLC Owners in connection with the Transactions will be eligible for resale, subject to certain limitations set forth therein.

We cannot predict the size of future issuances of our Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock may have on the market price of our Class A common stock. Sales or distributions of substantial amounts of our Class A common stock, including shares issued in connection with an acquisition, or the perception that such sales or distributions could occur, may cause the market price of our Class A common stock to decline.

***If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our Class A common stock, the price of our Class A common stock could decline.***

The trading market for our Class A common stock will rely in part on the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. A lack of adequate research coverage may harm the liquidity and trading price of our Class A common stock. To the extent equity research analysts do provide research coverage of our Class A common stock, we will not have any control over the content and opinions included in their reports. The trading price of our Class A common stock could decline if one or more equity research analysts downgrade our stock or publish other unfavorable commentary or research. If one or more equity research analysts cease coverage of our company, or fail to regularly publish reports on us, the demand for our Class A common stock could decrease, which in turn could cause our trading price or trading volume to decline.

***The price of our Class A common stock has and will likely continue to fluctuate and you may not be able to sell the shares you purchase at or above your purchase price.***

The market price of our Class A common stock has fluctuated and may be highly volatile and may fluctuate substantially due to many factors, including:

- the volume and timing of sales of our products;
- the introduction of new products or product enhancements by us or our competitors;
- disputes or other developments with respect to our or others' intellectual property rights;
- our ability to develop, obtain regulatory clearance or approval for, and market new and enhanced products on a timely basis;
- product liability claims or other litigation;
- quarterly variations in our growth, profitability or results of operations, or those of our competitors;
- media exposure of our products or our competitors;
- announcement or expectation of additional equity or debt financing efforts;
- additions or departures of key personnel;
- issuance of new or updated research or reports by securities analysts;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- changes in governmental regulations or in reimbursement;
- changes in earnings estimates or recommendations by securities analysts; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

In recent years, the stock markets generally have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may significantly affect the market price of our Class A common stock, regardless of our actual operating performance.

In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our stock price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would hurt our financial condition and operating results and divert management's attention and resources from our business.



***Substantial future sales, or the perception of future substantial sales, by us or our existing stockholders in the public markets could cause the market price of our Class A common stock to decline.***

Sales of substantial amounts of our Class A common stock in the public market, or the perception that such sales could occur, could adversely affect the price of our Class A common stock and could impair our ability to raise capital through the sale of additional shares.

As of March 6, 2023, 63,668,895 shares of Class A common stock were issued and outstanding and an additional 437,511 shares had the potential to vest in the future. Additionally, 32,362,227 shares of Class B common stock were issued and outstanding and an additional 1,054,556 shares would be issuable upon redemption or exchange of LLC Interests. The shares of Class A common stock sold in the IPO are freely tradable without restriction under the Securities Act, except for any shares of our common stock that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

The outstanding 48,558,927 shares of Class A common stock held by the Former LLC Owners are subject to certain restrictions on sale. All of our executive officers and directors and the Original LLC Owners agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any shares of common stock or securities convertible into or exchangeable for (including the LLC Interests), or that represent the right to receive, shares of common stock during the period from the date of our Prospectus continuing through the date 180 days after the date of our Prospectus, except with the prior written consent of the representatives on behalf of the underwriters.

Upon the completion of the IPO, we entered into the Registration Rights Agreement with the Original LLC Owners, certain of our other stockholders and Holdings pursuant to which the shares of Class A common stock issued upon redemption or exchange of LLC Interests held by the Continuing LLC Owners and the shares of Class A common stock issued to the Former LLC Owners in connection with the Reorganization Transactions will be eligible for resale, subject to certain limitations set forth therein.

In addition, any shares of Class A common stock that we issue under the Solo Brands, Inc. 2021 Incentive Award Plan (the “2021 Incentive Plan”), the Solo Brands, Inc. 2021 Employee Stock Purchase Plan (the “2021 ESPP”) or other equity incentive plans that we may adopt in the future would dilute the percentage ownership held by the investors who purchase shares of our Class A Common Stock.

In the future, we may also issue additional securities if we need to raise capital, which could constitute a material portion of our then-outstanding shares of common stock.

***Taking advantage of the reduced disclosure requirements applicable to “emerging growth companies” may make our Class A common stock less attractive to investors.***

The JOBS Act provides that, so long as a company qualifies as an “emerging growth company,” it will, among other things:

- be exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that its independent registered public accounting firm provide an attestation report on the effectiveness of its internal control over financial reporting;
- be exempt from the “say on pay”, “pay versus performance” and “say on golden parachute” advisory vote requirements of the Dodd-Frank Wall Street Reform and Customer Protection Act, or the Dodd-Frank Act;
- be exempt from certain disclosure requirements of the Dodd-Frank Act relating to compensation of its executive officers and be permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Exchange Act; and
- be permitted to provide a reduced level of disclosure concerning executive compensation and be exempt from any rules that have been adopted by the PCAOB requiring a supplement to the auditor’s report on the financial statements or that may be adopted requiring mandatory audit firm rotations.

We are an “emerging growth company,” as defined in the JOBS Act, and we could be an emerging growth company for up to five years following the completion of the IPO. For as long as we continue to be an emerging growth company, we may choose to take advantage of certain exemptions from various reporting requirements, as well as the cost savings as a result of such exemptions, which are applicable to other public companies that do not qualify as an emerging growth company. We have elected to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 107(b) of the JOBS Act. We will continue to qualify as an emerging growth company unless our total annual gross revenues are \$1.235 billion or more, we have issued more than \$1 billion in non-convertible debt in the past three years or we become a “large accelerated filer” as defined in the Exchange Act. As long as we remain an “emerging growth company,” we may take advantage of other exemptions, including the exemptions from the advisory vote requirements and executive compensation disclosures under the Dodd-Frank Act and the exemption from the provisions of Section 404(b) of the Sarbanes-Oxley Act. We cannot predict if investors will find our Class A common stock less attractive if we elect to rely on these exemptions, or if taking advantage of these exemptions would result in less active trading or more volatility in the price of our Class A common stock. Also, as a result of our intention to take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us as long as we qualify as an “emerging growth company,” our financial statements may not be comparable to those of companies that fully comply with regulatory and reporting requirements upon the public company effective dates.

***We do not currently expect to pay any cash dividends.***

We do not anticipate declaring or paying any cash dividends to holders of our Class A common stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance our growth. Any determination to pay cash dividends in the future will be at the sole discretion of our



board of directors, subject to limitations under applicable law and may be discontinued at any time. In addition, our ability to pay cash dividends is currently restricted by the terms of our Revolving Credit Facility. Therefore, you are not likely to receive any dividends on your Class A common stock for the foreseeable future, and the success of an investment in our Class A common stock will depend upon any future appreciation in its value. Consequently, investors may need to sell all or part of their holdings of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Our Class A common stock may not appreciate in value or even maintain the price at which our stockholders have purchased our Class A common stock. Investors seeking cash dividends should not purchase our Class A common stock.

In addition, our operations are currently conducted entirely through Holdings and its subsidiaries and our ability to generate cash to meet our debt service obligations or to make future dividend payments, if any, is highly dependent on the earnings and the receipt of funds from Holdings and its subsidiaries via dividends or intercompany loans.

***Our amended and restated certificate of incorporation contains provisions renouncing our interest and expectation to participate in certain corporate opportunities identified or presented to certain of our Original LLC Owners.***

Certain of the Original LLC Owners are in the business of making or advising on investments in companies and these Original LLC owners may hold, and may, from time to time in the future, acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or the business of our suppliers. Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, none of the Original LLC Owners or any director who is not employed by us or his or her affiliates will have any duty to refrain from engaging in a corporate opportunity in the same or similar lines of business as us. The Original LLC Owners may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. As a result, these arrangements could adversely affect our business, results of operations, financial condition or prospects if attractive business opportunities are allocated to any of the Original LLC Owners instead of to us.

***We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.***

Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our board of directors has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our Class A common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

***Anti-takeover provisions in our governing documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and depress the market price of our common stock.***

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Among others, our amended and restated certificate of incorporation and amended and restated bylaws include the following provisions:

- authorizing the issuance of “blank check” preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;
- establishing a classified board of directors so that not all members of our board of directors are elected at one time;
- the removal of directors only for cause;
- prohibiting the use of cumulative voting for the election of directors;
- limiting the ability of stockholders to call special meetings or amend our bylaws;
- requiring all stockholder actions to be taken at a meeting of our stockholders; and
- establishing advance notice and duration of ownership requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, or the DGCL, which prevents interested stockholders, such as certain stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations unless (i) prior to the time such stockholder became an interested stockholder, the board approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned 85% of the common stock or (iii) following board approval, the business combination receives the approval of the holders of at least two-thirds of our outstanding common stock not held by such interested stockholder. Because we have “opted out” of Section 203 of the DGCL in our amended and restated certificate of incorporation, the statute will not apply to business combinations involving us.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

***Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees, or stockholders to us or our stockholders;
- any action asserting a claim arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation and bylaws; and
- any action asserting a claim governed by the internal affairs doctrine.

Furthermore, our amended and restated certificate of incorporation also provides that unless we consent in writing to the selection of an alternative forum, 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. However, these provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. To the extent the exclusive forum provision restricts the courts in which claims arising under the Securities Act may be brought, there is uncertainty as to whether a court would enforce such a provision. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Any person purchasing or otherwise acquiring or holding any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds more favorable for disputes with us or with our directors, officers, other employees or agents, or our other stockholders, which may discourage such lawsuits against us and such other persons, or may result in additional expense to a stockholder seeking to bring a claim against us.

Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, results of operations and financial condition.

#### **General Risk Factors**

***We may become involved in legal or regulatory proceedings and audits.***

Our business requires compliance with many laws and regulations, including labor and employment, sales and other taxes, customs, data privacy, data security, and consumer protection laws and ordinances that regulate retailers generally and/or govern the importation, promotion, and sale of merchandise, and the operation of e-commerce and warehouse facilities. Failure to comply with these laws and regulations could subject us to lawsuits and other proceedings, and could also lead to damage awards, fines, and penalties. We may become involved in a number of legal proceedings and audits, including government and agency investigations, and consumer, employment, tort, and other litigation. The outcome of some of these legal proceedings, audits, and other contingencies could require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our financial condition and results of operations. Additionally, we may pursue legal action of our own to protect our business interests. Prosecuting or defending against these lawsuits and proceedings may be necessary, which could result in substantial costs and diversion of management's attention and resources, harming our business, financial condition, and results of operations. Any pending or future legal or regulatory proceedings and audits could harm our business, financial condition, and results of operations.

***Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.***

We are subject to the periodic reporting requirements of the Exchange Act. We are designing our disclosure controls and procedures to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures, no matter how well-conceived and operated, can provide reasonable, but not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by individuals or groups of persons or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements in our public reports due to error or fraud may occur and not be detected.

***Our business is subject to the risk of earthquakes, fire, power outages, floods, and other catastrophic events, and to interruption by problems such as terrorism, cyberattacks, or failure of key information technology systems.***

Our business is vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, criminal acts, and similar events. For example, a significant natural disaster, such as an earthquake, fire, or flood, could harm our business, results of operations, and financial condition, and our insurance coverage may be insufficient to compensate us for losses that may occur. Our corporate offices and primary distribution center is located in Texas, a state that frequently experiences floods and storms. In addition, the facilities of our suppliers and where our manufacturers produce our products are located in parts of Asia that frequently experience typhoons and earthquakes. Acts of terrorism and public health crises, such as the COVID-19 pandemic (or other future pandemics or epidemics), could also cause disruptions in our or our suppliers', manufacturers', and logistics providers' businesses or the economy as a whole. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting Texas or other locations where we have operations or store significant inventory. Our servers and those belonging to our vendors may also be vulnerable to computer viruses, criminal acts, denial-of-service attacks, ransomware, and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, or loss of critical data. As we rely heavily on our information technology and communications systems and the Internet to conduct our business and provide high-quality customer service, these disruptions could harm our ability to run our business and either directly or indirectly disrupt our suppliers' or manufacturers' businesses, which could harm our business, results of operations, and financial condition.

***Changes in applicable tax regulations or in their implementation could negatively affect our business and financial results.***

Changes in tax law may adversely affect our business or financial condition. On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act, or the 2017 Tax Act, which significantly reformed the Internal Revenue Code of 1986, as amended. A growing portion of our earnings are earned from sales outside the United States. Changes to the taxation of certain foreign earnings resulting from the 2017 Tax Act, along with the state tax impact of these changes and potential future cash distributions, may have an adverse effect on our effective tax rate. Furthermore, changes to the taxation of undistributed foreign earnings could change our future intentions regarding reinvestment of such earnings. Although the accounting for the impact of the 2017 Tax Act has been completed, we are continuing to monitor ongoing changes and ruling updates to the 2017 Tax Act. There can be no assurance that further changes in the 2017 Tax Act will not materially and adversely affect our effective tax rate, tax payments, financial condition and results of operations.

As part of Congress's response to the COVID-19 pandemic, the Families First Coronavirus Response Act, commonly referred to as the FFCR Act, was enacted on March 18, 2020, and the Coronavirus Aid, Relief, and Economic Security Act, commonly referred to as the CARES Act, was enacted on March 27, 2020. Both contain numerous tax provisions. Regulatory guidance under the 2017 Tax Act, 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 also possible that Congress could enact additional legislation in connection with the COVID-19 pandemic, some of which could have an impact on our Company. In addition, it is uncertain if and to what extent various states will conform to the 2017 Tax Act, the FFCR Act or the CARES Act.

In addition, the U.S. government, state governments, and foreign jurisdictions may enact significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate and the imposition of minimum taxes. The likelihood of these changes being enacted or implemented is unclear. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business.

***If our estimates or judgments relating to our critical accounting policies prove to be incorrect or change significantly, our results of operations could be harmed.***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section of this prospectus titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements, and related notes included elsewhere in this prospectus. These estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity and the amount of sales and expenses that are not readily apparent from other sources. Our results of operations may be harmed if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, and could result in a decline in our stock price.

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

None.

#### **Item 2. Properties**

Our corporate headquarters are located in a 430,000 square foot leased facility in Grapevine, Texas. In addition to our corporate headquarters we maintain leases in Texas, California, Utah, Pennsylvania, Mexico, Canada, Australia and the Netherlands for warehousing, distribution and office space. We also maintain leases specific to retail operations in Texas, Georgia, Florida and South Carolina. We believe that our facilities are in good condition and are adequate to support our current needs.

**Item 3. Legal Proceedings**

From time to time, we are, have been, and may become subject to arbitration, litigation or claims arising in the ordinary course of business. The results of any current or future claims or proceedings cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and litigation costs, diversion of management resources, reputational harm and other factors. The Company is not currently a party to any pending litigation that the Company considers material.

**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 and Holders of Record**

Our Class A common stock has been listed and traded on the NYSE under the symbol “DTC” since October 28, 2021. Prior to that time, there was no public market for our common stock. There is no established trading market for our Class B common stock.

As of March 6, 2023, other than shares offered to the public, there were approximately 15 shareholders of record for our Class A common stock and approximately 73 shareholders of record for our Class B common stock. This does not include the significant number of beneficial owners whose stock is in nominee or “street name” accounts through brokers, bank, or other nominees.

**Purchases of Equity Securities by the Issuer or Affiliated Purchasers**

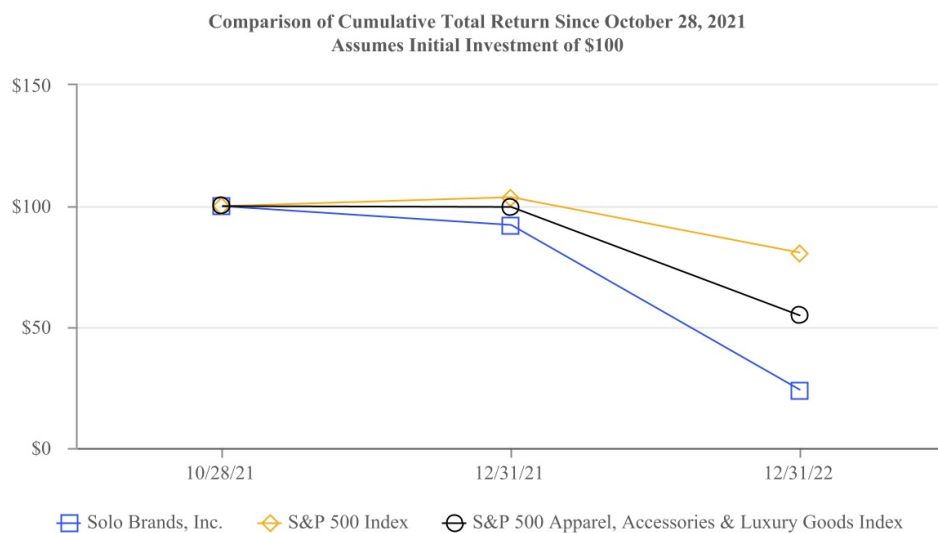
We did not repurchase any of our equity securities during the quarter ended December 31, 2022.

**Dividend Policy**

We have not declared or paid any cash dividends on our common stock. We intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future.

**Stock Performance Graph**

The following graph and table compares the total shareholder return for our Class A common stock with that of the Standard & Poor’s 500 Stock Index (“S&P 500 Index”) and Standard & Poor’s 500 Apparel, Accessories & Luxury Goods Index. The graph assumes that \$100 was invested on October 28, 2021 (the date our common stock commenced trading on the NYSE) in our Class A common stock, the S&P 500 Index, and Standard & Poor’s 500 Apparel, Accessories & Luxury Goods Index and assumes reinvestment of any dividends, if any. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.



Company/Index	Base Period		
	10/28/2021	12/31/2021	12/31/2022
Solo Brands, Inc.	\$ 100.00	\$ 91.94	\$ 23.80
S&P 500 Index	100.00	103.69	80.56
S&P 500 Apparel, Accessories & Luxury Goods Index	\$ 100.00	\$ 99.33	\$ 54.64

The performance graph and table shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act.

**Item 6. [Reserved]**

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Risk Factors" and our audited consolidated financial statements and the related notes to those statements included elsewhere in this Annual Report on Form 10-K. In addition to historical consolidated financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions.*

*Our discussion and analysis of the year ended December 31, 2022 compared to the year ended December 31, 2021 is included herein. Our discussion and analysis of the year ended December 31, 2021 compared to the year ended December 31, 2020 can be found in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on March 30, 2022.*

### Overview

We own and operate premium brands with ingenious products that we market and deliver through our direct-to-consumer ("DTC") platform and wholesale partnerships. We aim to help our customers enjoy good moments that create lasting memories. We consistently deliver innovative, high-quality products that are loved by our customers and revolutionize the outdoor experience, build community and help everyday people reconnect with what matters most.

Key performance indicators used by management to monitor the health of the business include customer volume and growth by year with 3.8 million total customers as of December 31, 2022, an increase of 34.7% from December 31, 2021, total email subscriptions and growth by year with 5.6 million email subscribers as of December 31, 2022, an increase of 33.1% from December 31, 2021 and our repeat purchase rate of 42.0% in 2022. We are deliberate in keeping the customer at the center of what we do in order to drive solid customer lifetime value that we believe will result in long-term financial value to the Company.

Our net sales increased from \$403.7 million for the year ended December 31, 2021 to \$517.6 million for the year ended December 31, 2022, representing a growth rate of 28.2%, including the effect of acquisitions. Our revenue growth was driven by greater demand in both the DTC and wholesale sales channels, with the growth in wholesale outpacing the growth in DTC. During 2022 and 2021, DTC sales were 81.8% and 88.1% of net sales, respectively, and wholesale sales were 18.2% and 11.9% of net sales, respectively.

Our net income decreased to a net loss of \$7.6 million for the year ended December 31, 2022 from net income of \$56.5 million for the year ended December 31, 2021. The net loss for the year ended December 31, 2022 was primarily due to \$30.6 million of impairment charges recorded during the second quarter of 2022, coupled with higher selling, general and administrative costs compared to the corresponding period as a result of investments in long-term strategic initiatives, costs associated with being a public company and headcount. Additionally, marketing and distribution expenses increased along with the increases in net sales.

### Outlook

We continue to focus on our long-term growth strategies, including product innovation, channel and category expansion, strategic acquisitions, and investments in information technology to drive efficiencies. As the macroeconomy continues to face uncertainty around inflation and rising interest rates, consumer behavior is unknown. Our business is not immune to the impacts resulting from decreased discretionary spending. However, we believe we are prepared to mitigate these pressures and quickly adjust our short-term strategies as necessary throughout 2023 to ensure financial health without jeopardizing our long-term growth expectations.

### Key Factors Affecting Our Financial Condition and Results of Operations

We believe that our performance and future success depend on a number of factors that present significant opportunities for us, but also pose risks and challenges, including those discussed in Part I, Item 1A, *Risk Factors*, and included elsewhere in this Annual Report on Form 10-K.

During 2022, demand for our products remained healthy; however, we were minimally impacted by global economic conditions including supply chain disruptions, inflation and rising interest rates. In 2022, some of our factories in China closed periodically due to COVID-19, which did temporarily delay the delivery of the Solo Stove Pi. Our other products were insignificantly impacted due to our strong inventory position. Freight rates were, in general, higher in 2022 than the prior year, which put pressure on gross margin in 2022. However, we saw spot rates decrease in the second half of 2022, and we opportunistically used the spot rates if they were lower than our contracted rates. We re-negotiate contracted freight rates early in the year on an annual basis and expect to take advantage of lower freight rates in the second half of 2023.

Although we have been able to navigate inflationary pressures through December 31, 2022, we expect the volatility we experienced in 2022 to continue to impact the Company in 2023. We have not historically raised the prices of our products and have mitigated inflationary pressures through cost management. We believe consumers will continue to feel the strain of higher inflation, thereby impacting their spending. We expect to continue to monitor inflation and consider strategies to minimize the impact. As interest rates rose during 2022, we mitigated the impact via strategic

repayments of borrowings on our Revolving Credit Facility. We expect to continue to monitor interest rates and balance our working capital needs with the cost of debt.

If current macroeconomic pressures persist or worsen, our business may continue to be adversely impacted.

## **Components of Our Results of Operations**

### ***Net Sales***

Net sales are comprised of DTC and wholesale channel sales to retail partners. Net sales in both channels reflect the impact of partial shipments, product returns, and discounts for certain sales programs or promotions.

Our net sales have historically included a seasonal component. In the DTC channel, our historical net sales tend to be highest in our second and fourth quarters, while our wholesale channel has generated higher sales in the first and third quarters. Additionally, we expect variance in the results of operations throughout the year relative to the timing of new product launches.

### ***Gross Profit and Cost of Goods Sold***

Gross profit reflects net sales less cost of goods sold, which primarily includes the purchase cost of our products from our third-party manufacturers, inbound freight and duties, product quality testing and inspection costs and depreciation on molds and equipment that we own.

### ***Selling, General, & Administrative Expenses***

Selling, general and administrative (“SG&A”) expenses consist primarily of marketing costs, equity-based compensation expense and benefits costs, costs of our warehousing and logistics operations, costs of operating on third-party DTC marketplaces, professional fees and services, costs of shipping product to our customers, and general corporate expenses.

### ***Depreciation and Amortization Expenses***

Depreciation and amortization expenses consist of depreciation of property, plant and equipment and amortization of definite-lived intangible assets.

### ***Impairment Charges***

Impairment charges consist of impairments recorded to definite-lived intangible assets and goodwill.

### ***Other Operating Expenses***

Other operating expenses include certain costs incurred for the initial public offering, acquisition-related expenses, business optimization and expansion expenses and management transition costs.

### ***Interest Expense, Net***

Interest expense, net consists primarily of interest on our Revolving Credit Facility and Term Loan.

### ***Income Taxes***

Income taxes represents federal, state, and local income taxes on the Company's allocable share of taxable income of Holdings, as well as Oru's, ISLE's and Chubbies' federal, state and foreign tax expense related to international subsidiaries. We are the sole managing member of Holdings, and as a result, consolidate the financial results of Holdings. Holdings is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, Holdings is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by Holdings is passed through to and included in the taxable income or loss of its members, including us, on a pro rata basis. We are subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income or loss of Holdings, as well as any stand-alone income or loss generated by Solo Brands, Inc.



## Results of Operations

### Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

#### Net Sales

<i>(dollars in thousands)</i>	Year Ended December 31,		Change	
	2022	2021	\$	%
Net sales	\$ 517,627	\$ 403,717	\$ 113,910	28.2 %
Direct-to-consumer net sales	423,412	355,658	67,754	19.1 %
Wholesale net sales	94,215	48,059	46,156	96.0 %

The increase in net sales for the year ended December 31, 2022 compared to the year ended December 31, 2021 was primarily driven by a 47.0% increase in total orders as a result of \$93.6 million of activity related to acquisitions and 8.8% organic growth in total orders. Partially offsetting the increase in total orders for the year ended December 31, 2022, average order value decreased 10.5% compared to the corresponding period, primarily due to the product offerings of the Chubbies acquisition, which occurred in the third quarter of 2021. Demand improved in both the DTC and wholesale sales channels as a result of continued market penetration.

#### Cost of Goods Sold and Gross Profit

<i>(dollars in thousands)</i>	Year Ended December 31,		Change	
	2022	2021	\$	%
Cost of goods sold	\$ 199,452	\$ 144,809	\$ 54,643	37.7 %
Gross profit	318,175	258,908	59,267	22.9 %
Gross margin (Gross profit as a % of net sales)	61.5 %	64.1 %		(2.7)%

The increase in cost of goods sold for the year ended December 31, 2022 compared to the year ended December 31, 2021 included \$35.6 million of activity related to the businesses acquired in 2021, for which the comparative periods did not include such activity for the full period. Additionally, cost of goods sold increased due to greater net sales as well as higher inbound freight costs.

The increase in gross profit for the year ended December 31, 2022 compared to the year ended December 31, 2021 was primarily due to acquisition activity. Gross margin decreased for the year ended December 31, 2022 compared to the year ended December 31, 2021 due to the gross margin profile of the businesses acquired in 2021 and the shift in sales channel mix with greater growth in wholesale sales, which typically have lower gross margins than DTC sales.

#### Selling, General, and Administrative Expenses

<i>(dollars in thousands)</i>	Year Ended December 31,		Change	
	2022	2021	\$	%
Selling, general, and administrative expenses	\$ 259,048	\$ 159,524	\$ 99,524	62.4 %
SG&A as a % of net sales	50.0 %	39.5 %		10.5 %

The increase in SG&A for the year ended December 31, 2022 compared to the year ended December 31, 2021, included \$43.7 million, or a 7.3% increase as a percent of net sales, related to the businesses acquired in 2021, which did not include activity for the full comparative period. The remaining increase in SG&A was driven by \$39.8 million of fixed cost increases, or a 6.5% increase as a percent of net sales, and \$15.9 million of variable cost increases, or a 3.0% decrease as a percent of net sales.

The fixed cost increases for the year ended December 31, 2022 compared to the year ended December 31, 2021 were primarily due to \$26.3 million in employee costs as a result of an \$10.4 million increase in equity-based compensation, a \$0.9 million increase in severance and increased headcount; \$3.8 million in professional services costs and \$3.2 million in insurance as a result of being a public company; \$4.4 million in rent and \$1.9 million in investments in information technology. The variable cost increases for the year ended December 31, 2022 compared to the year ended December 31, 2021 were primarily due to \$6.1 million in distribution costs, \$6.1 million in marketing spend and \$1.8 million in supplies.

### Depreciation and Amortization Expenses

<i>(dollars in thousands)</i>	Year Ended December 31,		Change	
	2022	2021	\$	%
Depreciation and amortization expenses	\$ 24,592	\$ 18,228	\$ 6,364	34.9 %
Amortization	21,019	17,453	3,566	20.4 %
Depreciation	3,573	775	2,798	361.0 %

The increase in amortization for the year ended December 31, 2022 compared to the year ended December 31, 2021 was primarily related to increases in definite-lived intangible assets as result of acquisition activity in 2021, and the increase in depreciation for the same comparative periods was primarily related to a new global headquarters facility completed in the fourth quarter of 2021.

### Impairment Charges

During the year ended December 31, 2022, impairment charges of \$30.6 million were recorded, of which \$27.9 million related to goodwill and \$2.7 million related to trademark intangibles. For more information, see Note 8, Goodwill, and Note 7, Intangible Assets, net in Item 8 of this Annual Report.

### Other Operating Expenses

<i>(dollars in thousands)</i>	Year Ended December 31,		Change	
	2022	2021	\$	%
Other operating expenses	\$ 3,582	\$ 12,293	\$ (8,711)	(70.9)%

Other operating expenses decreased for the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily due to a \$7.9 million decrease in acquisition-related expenses as a result of lower acquisition activity during 2022 and a \$1.8 million decrease in business optimization expenses as a result of non-recurring warehouse and headquarters transition costs primarily incurred in the fourth quarter of 2021, partially offset by \$0.7 million of management transition costs incurred during 2022.

### Interest Expense, Net

<i>(dollars in thousands)</i>	Year Ended December 31,		Change	
	2022	2021	\$	%
Interest expense, net	\$ 6,271	\$ 10,135	\$ (3,864)	(38.1)%

Interest expense, net decreased for the year ended December 31, 2022 compared to the year ended December 31, 2021 due to a lower average debt balance.

### Income Taxes

<i>(dollars in thousands)</i>	Year Ended December 31,		Change	
	2022	2021	\$	%
Income tax expense	\$ 1,001	\$ 2,025	\$ (1,024)	(50.6)%

Income tax expense decreased for the year ended December 31, 2022 compared to the year ended December 31, 2021 primarily due to the decrease in pre-tax net income predominantly resulting from goodwill and intangible asset impairment recognized in the second quarter of 2022 and a change in tax rates driven by a reduction in the blended state tax rate applied to our deferred tax liability, offset by the decrease in income attributable to non-controlling interests that reduces the tax benefit applicable to the controlling interest for 2022 and an increase in current state income taxes.

### Liquidity and Capital Resources

Historically, our cash requirements have principally been for working capital purposes. We expect these needs to continue as we develop and grow our business. We fund our working capital, primarily inventory, from cash flows from operating activities, cash on hand, and borrowings under our Revolving Credit Facility.

### **Current Liquidity**

As of December 31, 2022, we had a cash balance of \$23.3 million, working capital (excluding cash) of \$104.8 million, and \$330.0 million of borrowings available under the Revolving Credit Facility.

### **Revolving Credit Facility and Term Loan**

On May 12, 2021, we entered into a credit agreement with JPMorgan Chase Bank, N.A., the Lenders and L/C Issuers party thereto (each as defined therein) and the other parties thereto (as subsequently amended on June 2, 2021, and September 1, 2021, the “Revolving Credit Facility”). As so amended, the Revolving Credit Facility allows us to borrow up to \$350.0 million of revolving loans, including the ability to issue up to \$20.0 million in letters of credit. While our issuance of letters of credit does not increase our borrowings outstanding under the Revolving Credit Facility, it does reduce the amounts available under the Revolving Credit Facility. The Revolving Credit Facility matures on May 12, 2026 and bears interest at a rate equal to the base rate as defined in the agreement plus an applicable margin, which as of December 31, 2022, was based on LIBOR. Interest is due on the last business day of each March, June, September and December. Principal under the Revolving Credit Facility is not due until maturity. As of December 31, 2022, we had \$20.0 million in outstanding borrowings and \$330.0 million available for future borrowings on the Revolving Credit Facility.

In addition to the above, the amendment on September 1, 2021 included a provision to borrow up to \$100.0 million under a term loan (the “Term Loan”). The proceeds from the Term Loan were used to fund the Chubbies acquisition. The Term Loan matures on September 1, 2026 and bears interest at a rate equal to the base rate as defined in the agreement plus an applicable margin, which as of December 31, 2022, was based on LIBOR. We were required to make quarterly principal payments on the Term Loan beginning on December 31, 2021. At December 31, 2022, we had \$96.3 million outstanding on the Term Loan. All required principal payments were made on time and with available cash through the year ended December 31, 2022. Interest payments are due on a quarterly basis under the Term Loan, with the same due dates as noted for the Revolving Credit Facility above.

The recent changes in our working capital requirements generally reflect the growth in our business. Although we cannot predict with certainty all of our particular short-term cash uses or the timing or amount of cash requirements, we believe that our available cash on hand, along with amounts available under our Revolving Credit Facility will be sufficient to satisfy our liquidity requirements for at least the next twelve months. However, the continued growth of our business, including our expansion into international markets, may significantly increase our expenses (including our capital expenditures) and cash requirements. Furthermore, we will continue to seek possible brand and mission consistent acquisition opportunities that would require additional capital. In addition, the amount of our future product sales is difficult to predict, and actual sales may not be in line with our forecasts. As a result, we may be required to seek additional funds in the future from issuances of equity or debt, obtaining additional credit facilities, or loans from other sources.

### **Other Terms of the Revolving Credit Facility**

We may request incremental term loans, incremental equivalent debt, or revolving commitment increases (we refer to each as an Incremental Increase) in amounts such that, after giving pro forma effect to such Incremental Increase, our total secured net leverage ratio (as defined in the Revolving Credit Facility) would not exceed the then-applicable cap under the Revolving Credit Facility. In the event that any lenders fund any of the Incremental Increases, the terms and provisions of each Incremental Increase, including the interest rate, shall be determined by us and the lenders, but in no event shall the terms and provisions, when taken as a whole and subject to certain exceptions, of the applicable Incremental Increase, be more favorable to any lender providing any portion of such Incremental Increase than the terms and provisions of the loans provided under the Revolving Credit Facility unless such terms and conditions reflect market terms and conditions at the time of incurrence or issuance thereof as determined by us in good faith.

The Revolving Credit Facility is (a) jointly and severally guaranteed by the Guarantors (as defined in the Revolving Credit Facility) and any future subsidiaries that execute a joinder to the guaranty and related collateral agreements and (b) secured by a first priority lien on substantially all of our and the Guarantors’ assets, subject to certain customary exceptions.

The Revolving Credit Facility requires us to comply with certain financial ratios, including:

- at the end of each fiscal quarter, a total net leverage ratio (as defined in the Revolving Credit Facility) for the four quarters then ended of not more than: 4.00 to 1.00 for each quarter ended in 2022 and through June 30, 2023; 3.75 to 1.00 for each quarter ending June 30, 2023 through March 31, 2024; and 3.50 to 1.00 for each quarter ending June 30, 2024 or thereafter;
- at the end of each fiscal quarter, an interest coverage ratio (as defined in the Revolving Credit Facility) for the four quarters then ended of not less than 3.00 to 1.00.

In addition, the Revolving Credit Facility contains customary financial and non-financial covenants limiting, among other things, mergers and acquisitions; investments, loans, and advances; affiliate transactions; changes to capital structure and the business; additional indebtedness; additional liens; the payment of dividends; and the sale of assets, in each case, subject to certain customary exceptions. The Revolving Credit Facility contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, defaults under other material debt, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the Revolving Credit Facility to be in full force and effect, and a change of control of our business. We were in compliance with all covenants under the Revolving Credit Facility as of December 31, 2022.

**Cash Flows**

	Year Ended December 31,	
	2022	2021
<i>(dollars in thousands)</i>		
Cash flows provided by (used in):		
Operating activities	\$ 32,395	\$ (10,246)
Investing activities	(10,015)	(143,889)
Financing activities	\$ (23,542)	\$ 146,478

**Operating activities**

The \$42.6 million increase in cash provided by operating activities period over period, as shown in the table above, was due to a \$59.2 million decline in cash usage from changes in operating assets and liabilities (“working capital”), partially offset by greater cash usage of \$16.6 million from changes in net income (loss) after non-cash adjustments, predominantly due to increases in SG&A. The decrease in cash used by working capital was primarily due to:

- a \$21.3 million increase in cash provided by changes in deferred revenue, primarily driven by shipments that were backordered in 2020 shipping in 2021;
- an \$18.5 million decrease in cash used by changes in inventory due to a higher inventory balance at the beginning of 2022 than the prior year, resulting in fewer inventory purchases in 2022, as well as a reduction in replenishment of inventory exiting the year; and
- a \$9.1 million decrease in cash used by changes in accounts receivable as a result of improved collection efforts.

**Investing activities**

The \$133.9 million decrease in cash used in investing activities, as shown in the table above, was due to a \$132.5 million decrease in acquisition activity in the current period compared to the prior period. Additionally, cash usage for capital expenditures decreased by \$1.4 million, primarily due to reduced equipment purchases for factory and warehouse build outs.

**Financing activities**

The \$170.0 million increase in cash used in financing activities, as shown in the table above, was primarily due to a \$234.6 million decrease in cash provided by Class A common stock issuance and a \$68.3 million decrease in cash provided by net debt activities, partially offset by a \$100.0 million increase in cash as a result of a decrease in payments for contingent consideration and a \$33.2 million increase in cash as a result of decreases in distributions to non-controlling interests.

**Contractual Obligations**

Our material cash commitments from known contractual and other obligations primarily consist of obligations for long-term debt and related interest, leases for properties and equipment and purchase obligations as part of normal operations. See Note 10, Long-Term Debt, in Item 8 of this Annual Report for more information regarding scheduled maturities of our long-term debt. See Note 11, Leases, in Item 8 of this Annual Report for additional information on leases. Interest payable on our long-term debt is expected to be \$5.7 million due in the twelve months following December 31, 2022 and \$11.5 million due thereafter.

As of December 31, 2022, we had a non-cancelable agreement to purchase \$8.4 million of advertising services, of which 50% is due in 2023 and the remainder is due in 2024. This purchase obligation includes all enforceable, legally binding agreements to purchase goods or services that specify all significant terms, regardless of the duration of the agreement, and exclude agreements with variable terms for which we are unable to estimate the minimum amounts.

Subsequent to December 31, 2022, we entered into a non-cancelable agreement to purchase \$10.8 million of advertising services, of which 50% is due in 2023 and the remainder is due in 2024.

**Critical Accounting Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. In preparing the consolidated financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, sales, expenses, and related disclosure of contingent assets and liabilities. We re-evaluate our estimates on an on-going basis. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Because of the uncertainty inherent in these matters, actual results may differ from these estimates and could differ based upon other assumptions or conditions.

See Note 2, Significant Accounting Policies, to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information about our significant accounting policies, including our critical accounting policies. The critical accounting estimates that reflect our more significant judgments and estimates used in the preparation of our consolidated financial statements include those noted below. Within the context of these critical accounting estimates, we are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

### ***Revenue Recognition***

We primarily engage in direct-to-consumer transactions, which are comprised of product sales directly from our brands' websites, through Amazon, and from our retail locations. We also sell products via business-to-business transactions, which are comprised of sales to retailers, including where possession of our products is taken and sold by the retailer in-store or online.

There are no significant extended payment terms with our customers. Payment is due at the time of sale for our direct-to-consumer transactions. Our business-to-business customers' payment terms vary depending on the contract with each retailer, but the most common is net 30 or net 60 days.

Revenue is recognized for the amount of consideration to which we expect to be entitled in exchange for transferring promised goods to a customer. The consideration promised in a contract with a customer includes fixed and variable amounts. The fixed amount of consideration is the standalone selling price of the goods sold. Variable considerations, including cash discounts and rebates, are deducted from gross sales in determining net sales. Variable considerations also include the portion of goods that are expected to be returned and refunded. Any consideration received (or receivable) that we expect to refund to the customer is recognized as a refund liability. Our refund liability is based on historical experience and trends. The actual amount of customer returns and refunds may differ from our estimates. Net sales include shipping costs charged to the customer and is recorded net of sales taxes collected from customers, which are remitted to government authorities.

### ***Income Taxes***

In determining the provision for income taxes for financial statement purposes, we make estimates and judgments which affect our evaluation of the carrying value of our deferred tax assets as well as our calculation of certain tax liabilities. We evaluate the carrying value of our deferred tax assets on a quarterly basis. In completing this evaluation, we consider all available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative earnings and losses in the most recent fiscal years, taxable income in prior carryback year(s) if permitted under the tax law, expectations for future pre-tax operating income, the time period over which our temporary differences will reverse, and the implementation of feasible and prudent tax planning strategies. Estimating future taxable income is inherently uncertain and requires judgment. In projecting future taxable income, we consider our historical results and incorporate certain assumptions, including projected revenue growth, and operating margins, among others. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or a portion of the recorded deferred tax assets will not be realized in future periods.

We have recorded a valuation allowance against the capital loss resulting from the portion of the basis difference in our investments in Holdings, Oru, and Chubbies, that will only reverse upon the eventual sale of our interest in Holdings, Oru, and Chubbies, as well as certain state tax losses and foreign losses that are not expected to be utilized prior to expiration. As of December 31, 2022, we had \$2.5 million of deferred tax assets, net of \$26.9 million of valuation allowances. We expect to realize future tax benefits related to the utilization of these assets. However, since future financial results may differ from previous estimates, periodic adjustments to our valuation allowances may be necessary. If we determine in the future that we will not be able to fully utilize all or part of these deferred tax assets, we would record a valuation allowance through earnings in the period the determination was made, which would have an adverse effect on our results of operations and earnings in future periods.

### ***Goodwill***

Goodwill is determined based upon the excess enterprise value over the estimated fair value of assets and liabilities assumed at acquisition date and is recorded at its estimated fair value at the date of acquisition. See Note 8, Goodwill, for further details regarding our goodwill balance and accumulated impairment losses.

In the second quarter of 2022, we identified triggering events indicating the fair value of one or more of the reporting units more likely than not did not exceed their carrying values. The triggering events included: (1) adverse equity market conditions resulting in a sustained decline in our stock price subsequent to the issuance of our first quarter 2022 results on Form 10-Q and (2) weakened demand for the ISLE reporting unit's products resulting in a lower near-term forecast of future operating results. As a result, we performed an interim quantitative goodwill impairment test for all of our reporting units and recorded a \$27.9 million goodwill impairment charge related to the ISLE reporting unit, which has \$1.7 million of remaining goodwill after the impairment. The results of the interim quantitative test did not result in a goodwill impairment for the other reporting units. As determined by the results of our interim test, the fair value of the remaining reporting units exceeded their carrying values by greater than 10%. The impairment charge was recorded to impairment charges on the consolidated statements of operations and comprehensive income (loss).

We estimated the fair value of the reporting units using a weighting of fair values derived from the income and market approaches, where comparable market data was available. Under the income approach, we determined the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections were based on management's estimates of revenue growth rates and operating margins, considering industry and market conditions, and management's estimates of working capital requirements. The discount rate for each reporting unit was based on a weighted average cost of capital adjusted for the relevant risk associated with the characteristics of each reporting unit and its estimated cash flows. Under the market approach, we utilized a combination of methods, including estimates of fair value based on: (1) market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting unit and (2) pricing multiples derived from recent merger and acquisition transactions of comparable publicly-traded companies. A 100 basis point change in the weighted average cost of capital, with all other factors remaining stagnant, would not have resulted in an impairment charge for the reporting units that were not impaired as a result of the analysis performed in the second quarter of 2022.

As of December 31, 2022, we have goodwill of \$382.7 million, of which \$289.1 million relates to one reporting unit. For our annual goodwill impairment tests in the fourth quarters of 2022 and 2021, we performed a qualitative assessment to determine whether the fair value of goodwill was more likely than not less than the carrying value for each reporting unit. Due to the triggering events identified in the second quarter of 2022 and the subsequent quantitative impairment test performed at that time that resulted in the recognition of \$27.9 million of impairment charges to goodwill, the non-persistent nature of the triggering events in the second half of 2022 and the qualitative assessment performed as of October 1, 2022, we do not believe that it is more likely than not that the carrying value of our reporting units exceed their fair values as of the annual goodwill impairment test dates. There were no impairment charges recognized in 2021.

The future occurrence of a potential indicator of impairment could include matters such as: a decrease in expected net earnings, a further decline in equity market conditions, a decline in comparable market multiples, a continued and sustained decline in our common stock price, a significant adverse change in legal factors or the general business climate, an adverse action or assessment by a regulator, and a significant downturn in demand for products offered by us. In the event of significant adverse changes of the nature described above, it may be necessary for us to recognize a non-cash impairment of goodwill, which could have a material adverse effect on our consolidated business, results of operations and financial condition.

#### ***Intangible Assets***

Intangible assets are comprised of brands, trademarks, customer relationships, developed technology and patents and are recorded at their estimated fair values at the date of acquisition. Acquired definite-lived intangible assets subject to amortization are amortized using the straight-line method over the estimated useful lives of the assets. See Note 7, Intangible Assets, net in Item 8 of this Annual Report, for further details regarding intangible asset balances and related accumulated amortization and impairment losses.

We evaluate the carrying value of definite-lived intangible assets whenever a change in circumstances indicates that the net carrying value may not be recoverable from the undiscounted future cash flows from operations. Events or circumstances that could trigger an impairment review of a long-lived asset or asset group include, but are not limited to: (i) a significant decrease in the market price of the asset, (ii) a significant adverse change in the extent or manner that the asset is used or in its physical condition, (iii) a significant adverse change in legal factors or in the business climate that could affect the value of the asset, (iv) an accumulation of costs significantly in excess of original expectation for the acquisition or construction of the asset, (v) a current period operating or cash flow loss combined with a history of operating or cash flow losses or a forecast of continuing losses associated with the use of the asset and (vi) a more-likely-than-not expectation that the asset will be sold or disposed of significantly before the end of its previously estimated useful life. If an impairment exists, the net carrying values are reduced to fair values. The estimates of undiscounted future cash flows used during an impairment review of a long-lived asset or asset group require judgments and assumptions of future cash flows that are expected to arise as a direct result of the use and eventual disposition of the asset or asset group. If these assets were for sale, our estimates of their values could be significantly different because of market conditions, specific transaction terms and a buyer's perspective on future cash flows.

As a result of the identification of triggering events to perform an interim quantitative goodwill impairment test in the second quarter of 2022, we first considered the extent to which the adverse events and circumstances identified could affect the reporting units' carrying amounts. We observed weakened paddleboard sales resulting in a lower near-term forecast of future operating results, which constituted a triggering event for one of our held and used long-lived asset groups primarily consisting of the ISLE trademark. We reviewed the undiscounted future cash flows for the identified long-lived asset group, and the results of the analysis indicated the carrying amount for the long-lived asset group was not expected to be recovered. The fair value of the trademark intangible was estimated using the relief-from-royalty method under the income approach, based on the following significant assumptions: management's estimates of future net sales for the long-lived asset group, the royalty rate and the weighted average cost of capital adjusted for the relevant risk associated with the characteristics of the long-lived asset group, and we recorded a \$2.7 million impairment charge. This impairment charge was recorded to impairment charges on the consolidated statements of operations and comprehensive income (loss). There were no impairment charges recognized in 2021.

### ***Inventory***

Inventories are comprised primarily of finished goods and are recorded at the lower of cost or net realizable value. Cost is determined using average costing that approximates actual cost on a first-in, first-out (FIFO) method. Net realizable value is estimated based on our assumptions about market conditions and historically has remained above cost. As a result, we have not recorded any write-downs to inventory below cost, except as it relates to obsolete or slow-moving inventory. Based on our review of inventories, obsolete or slow-moving inventories were not material as of December 31, 2022. If actual market conditions are less favorable than those projected by management, additional write-downs may be required. If actual market conditions are more favorable than anticipated, inventory previously written down may be sold to customers, resulting in lower cost of sales and higher income from operations than expected in that period.

### **Recent Accounting Pronouncements**

For a description of recent accounting pronouncements, see “Recently Adopted Accounting Pronouncements” and “Recently Issued Accounting Standards—Not Yet Adopted” in Note 2, Significant Accounting Policies, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

### **JOBS Act**

We currently qualify as an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Accordingly, we are provided the option to adopt new or revised accounting guidance either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies. We have elected to adopt new or revised accounting guidance within the same time period as private companies, unless management determines it is preferable to take advantage of early adoption provisions offered within the applicable guidance. Our utilization of these transition periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the transition periods afforded under the JOBS Act.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates.

#### ***Interest Rate Risk***

In order to maintain liquidity and fund business operations, we have a long-term credit facility and separate term loan that bear variable interest rates based on prime, federal funds, or LIBOR plus an applicable margin based on our total net leverage ratio. As of December 31, 2022, we had indebtedness of \$20.0 million and \$96.3 million under our Revolving Credit Facility and Term Loan, respectively. The nature and amount of our long-term debt can be expected to vary as a result of future business requirements, market conditions, and other factors. We may elect to enter into interest rate swap contracts to reduce the impact associated with interest rate fluctuations, but as of December 31, 2022, we have not entered into any such contracts. A 100 bps increase in LIBOR would increase our interest expense by approximately \$1.2 million in any given year.

#### ***Inflation Risk***

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and SG&A expenses as a percentage of net sales, if the selling prices of our products do not increase with these increased costs.

#### ***Commodity Price Risk***

The primary raw materials and components used by our contract manufacturing partners include stainless steel and aluminum. We believe these materials are readily available from multiple vendors. We have, and may continue to, negotiate prices with suppliers of these products on behalf of our third-party contract manufacturers in order to leverage the cumulative impact of our volume. We do not, however, source significant amounts of these products directly. Certain of these products use petroleum or natural gas as inputs. However, we do not believe there is a significant direct correlation between petroleum or natural gas prices and the costs of our products.

***Foreign Currency Risk***

Our international sales are primarily denominated in U.S. dollars. During 2022 and 2021, net sales in international markets accounted for 7.1% and 6.7% of our consolidated revenues, respectively. Therefore, we do not believe exposure to foreign currency fluctuations has had material impact on our net sales. A portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies, which are also subject to fluctuations due to changes in foreign currency exchange rates. In addition, our suppliers may incur many costs, including labor costs, in other currencies. To the extent that exchange rates move unfavorably for our suppliers, they may seek to pass these additional costs on to us, which could have a material impact on our gross margin. In addition, a strengthening of the U.S. dollar may increase the cost of our products to our customers outside of the United States. Our operating results and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. However, we believe that the exposure to foreign currency fluctuations from operating expenses is not material at this time.



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

<a href="#">Report of Independent Registered Public Accounting Firm - PCAOB Firm ID: 42</a>	<a href="#">44</a>
<a href="#">Consolidated Balance Sheets</a>	<a href="#">45</a>
<a href="#">Consolidated Statements of Operations and Comprehensive Income (Loss)</a>	<a href="#">46</a>
<a href="#">Consolidated Statements of Cash Flows</a>	<a href="#">47</a>
<a href="#">Consolidated Statements of Equity</a>	<a href="#">49</a>
<a href="#">Notes to Consolidated Financial Statements</a>	
<a href="#">Note 1 - Organization and Description of Business</a>	<a href="#">53</a>
<a href="#">Note 2 - Significant Accounting Policies</a>	<a href="#">54</a>
<a href="#">Note 3 - Revenue</a>	<a href="#">59</a>
<a href="#">Note 4 - Acquisitions</a>	<a href="#">60</a>
<a href="#">Note 5 - Inventory</a>	<a href="#">62</a>
<a href="#">Note 6 - Property and Equipment, net</a>	<a href="#">62</a>
<a href="#">Note 7 - Intangible Assets, net</a>	<a href="#">63</a>
<a href="#">Note 8 - Goodwill</a>	<a href="#">64</a>
<a href="#">Note 9 - Accrued Expenses and Other Current Liabilities</a>	<a href="#">64</a>
<a href="#">Note 10 - Long-Term Debt</a>	<a href="#">65</a>
<a href="#">Note 11 - Leases</a>	<a href="#">66</a>
<a href="#">Note 12 - Equity-Based Compensation</a>	<a href="#">66</a>
<a href="#">Note 13 - Income Taxes</a>	<a href="#">71</a>
<a href="#">Note 14 - Commitments and Contingencies</a>	<a href="#">74</a>
<a href="#">Note 15 - Fair Value Measurements</a>	<a href="#">74</a>
<a href="#">Note 16 - Equity</a>	<a href="#">75</a>
<a href="#">Note 17 - Net Income (Loss) Per Share</a>	<a href="#">75</a>

**Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Solo Brands, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Solo Brands, Inc. (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive income (loss), cash flows and equity for each of the two years in the period ended December 31, 2022, and for the period from October 9, 2020 to December 31, 2020 (Successor), January 1, 2020 to October 8, 2020 of Solo Brands, LLC, formerly Frontline Advance, LLC (Intermediate Successor), and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years ended December 31, 2022, and for the periods from October 9, 2020 to December 31, 2020 (Successor) and January 1, 2020 to October 8, 2020 (Intermediate Successor), in conformity with U.S. generally accepted accounting principles.

**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/ Ernst & Young LLP

We have served as the Company's auditor since 2021.

Dallas, Texas  
March 9, 2023

**SOLO BRANDS, INC.**  
**Consolidated Balance Sheets**

<i>(In thousands)</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 23,293	\$ 25,101
Accounts receivable, net of allowance for doubtful accounts of \$1.5 million and \$0.3 million	26,176	21,513
Inventory	132,990	102,335
Prepaid expenses and other current assets	12,639	9,889
Total current assets	195,098	158,838
<b>Non-current assets</b>		
Property and equipment, net	15,166	10,603
Intangible assets, net	234,632	257,234
Goodwill	382,658	410,559
Other non-current assets	34,793	506
Total non-current assets	667,249	678,902
Total assets	\$ 862,347	\$ 837,740
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable <sup>(1)</sup>	\$ 11,783	\$ 9,660
Accrued expenses and other current liabilities <sup>(1)</sup>	43,377	30,264
Deferred revenue	6,848	3,524
Current portion of long-term debt	5,000	3,125
Total current liabilities	67,008	46,573
<b>Non-current liabilities</b>		
Long-term debt, net	108,383	125,023
Deferred tax liability	82,621	91,244
Other non-current liabilities	29,338	729
Total non-current liabilities	220,342	216,996
<b>Commitments and contingencies (Note 14)</b>		
<b>Equity</b>		
Class A common stock, par value \$0.001 per share; 475,000,000 shares authorized, 63,651,051 shares issued and outstanding; 475,000,000 authorized, 63,397,635 issued and outstanding	64	63
Class B common stock, par value \$0.001 per share; 50,000,000 shares authorized, 32,157,983 shares issued and outstanding; 50,000,000 shares authorized, 31,178,815 issued and outstanding	32	31
Additional paid-in capital	358,118	350,088
Retained earnings (accumulated deficit)	5,746	10,691
Accumulated other comprehensive income (loss)	(499)	6
Treasury stock	(35)	—
Equity attributable to the controlling interest	363,426	360,879
Equity attributable to non-controlling interests	211,571	213,292
Total equity	574,997	574,171
Total liabilities and equity	\$ 862,347	\$ 837,740

(1) Amounts in accounts payable as of December 31, 2021 have been reclassified to accrued expenses and other current liabilities as of December 31, 2022 in order to maintain comparability of the financial statements. See Note 9, Accrued Expenses and Other Current Liabilities for further information.

See Notes to Consolidated Financial Statements

**SOLO BRANDS, INC.**  
**Consolidated Statements of Operations and Comprehensive Income (Loss)**

<i>(In thousands, except per share data)</i>	SUCCESSOR			INTERMEDIATE SUCCESSOR
	Year Ended December 31,		October 9, 2020	January 1, 2020 through October
	2022	2021	through December 31, 2020	8, 2020
<b>Net sales</b>	\$ 517,627	\$ 403,717	\$ 60,852	\$ 72,576
<b>Cost of goods sold</b>	199,452	144,809	23,183	23,275
<b>Gross profit</b>	318,175	258,908	37,669	49,301
<b>Operating expenses</b>				
Selling, general & administrative expenses	259,048	159,524	18,515	21,499
Depreciation and amortization expenses	24,592	18,228	3,285	2,387
Impairment charges	30,589	—	—	—
Other operating expenses	3,582	12,293	22,538	39,203
<b>Total operating expenses</b>	<b>317,811</b>	<b>190,045</b>	<b>44,338</b>	<b>63,089</b>
<b>Income (loss) from operations</b>	364	68,863	(6,669)	(13,788)
<b>Non-operating expenses</b>				
Interest expense, net	6,271	10,135	1,507	1,700
Other non-operating, net	712	208	121	319
<b>Total non-operating, net</b>	<b>6,983</b>	<b>10,343</b>	<b>1,628</b>	<b>2,019</b>
Income (loss) before income taxes	(6,619)	58,520	(8,297)	(15,807)
Income tax expense (benefit)	1,001	2,025	21	78
<b>Net income (loss)</b>	<b>(7,620)</b>	<b>56,495</b>	<b>(8,318)</b>	<b>(15,885)</b>
Less: net income earned by controlling members prior to the Reorganization Transactions	—	37,963	—	—
Less: net income (loss) attributable to non-controlling interests	(2,675)	7,841	(8,318)	(15,885)
<b>Net income (loss) attributable to Solo Brands, Inc.</b>	<b>\$ (4,945)</b>	<b>\$ 10,691</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Other comprehensive income (loss)</b>				
Foreign currency translation, net of tax	(827)	5	—	—
<b>Comprehensive income (loss)</b>	<b>(8,447)</b>	<b>56,500</b>	<b>(8,318)</b>	<b>(15,885)</b>
Less: other comprehensive income (loss) attributable to non-controlling interests	(322)	—	—	—
Less: net income earned prior to the Reorganization Transactions	—	37,963	—	—
Less: net income (loss) attributable to non-controlling interests	(2,675)	7,841	(8,318)	(15,885)
<b>Comprehensive income (loss) attributable to Solo Brands, Inc.</b>	<b>(5,450)</b>	<b>10,696</b>	<b>—</b>	<b>—</b>
<b>Income (loss) per Class A common stock</b>				
Basic	\$ (0.08)	\$ 0.17	*	*
Diluted	\$ (0.08)	\$ 0.17	*	*
<b>Weighted-average Class A common stock outstanding</b>				
Basic	63,462	63,011	*	*
Diluted	63,462	63,011	*	*

\* Refer to Note 17, Net Income (Loss) Per Share for further details of the reason income (loss) per share is not presented for the Successor period from October 9, 2020 through December 31, 2020, and the Intermediate Successor period from January 1, 2020 through October 8, 2020.

See Notes to Consolidated Financial Statements

**SOLO BRANDS, INC.**  
**Consolidated Statements of Cash Flows**

<i>(In thousands)</i>	SUCCESSOR			INTERMEDIATE SUCCESSOR
	Year Ended December 31,		October 9, 2020 through December 31,	January 1, 2020 through October 8, 2020
	2022	2021	2020	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income (loss)	\$ (7,620)	\$ 56,495	\$ (8,318)	\$ (15,885)
<i>Adjustments to reconcile net income (loss) to net cash and cash equivalents provided by (used in) operating activities</i>				
Impairment charges	30,589	—	—	—
Amortization of intangible assets	21,019	17,453	3,248	2,306
Equity-based compensation	18,598	7,329	—	—
Deferred income taxes	(10,501)	(3,139)	—	—
Operating lease right-of-use assets expense	6,889	—	—	—
Depreciation	3,573	775	37	76
Changes in accounts receivable reserves	1,293	77	35	2
Amortization of debt issuance costs	860	507	55	719
Loss on disposal of property and equipment	66	187	—	—
Non-cash interest expense	—	1,652	—	—
Change in fair value of contingent consideration	—	—	19,073	—
<i>Changes in assets and liabilities</i>				
Inventory	(30,884)	(49,413)	(1,975)	(104)
Accrued expenses and other current liabilities	7,587	(8,835)	(23,439)	36,802
Accounts receivable	(5,923)	(15,040)	(1,213)	(1,249)
Other non-current assets and liabilities	(6,359)	653	13	(16)
Deferred revenue	3,334	(17,936)	17,876	2,335
Prepaid expenses and other current assets	(2,802)	(8,134)	(118)	(68)
Accounts payable	2,676	7,123	318	2,169
<b>Net cash provided by (used in) operating activities</b>	<b>32,395</b>	<b>(10,246)</b>	<b>5,592</b>	<b>27,087</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Capital expenditures	(9,241)	(10,645)	(297)	(661)
Acquisitions, net of cash acquired	(774)	(133,308)	(273,144)	—
Proceeds from the sale of property and equipment	—	64	—	—
<b>Net cash provided by (used in) investing activities</b>	<b>(10,015)</b>	<b>(143,889)</b>	<b>(273,441)</b>	<b>(661)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds from long-term debt	45,000	363,600	118,293	10,000
Repayments of long-term debt	(60,625)	(306,725)	(55,000)	(24,325)
Debt issuance costs paid	—	(4,234)	—	—
Payment of contingent consideration	—	(100,000)	—	(2,080)

Contributions from members before Reorganization Transactions	—	250	—	700
Distributions to members before Reorganization Transactions	—	(33,163)	(12,691)	(3,825)
Proceeds from issuance of Class A common stock, net of underwriters' discounts	—	234,600	250,000	—
Payments of initial public offering costs	—	(5,594)	—	—
Distributions to non-controlling interests	(8,304)	(2,256)	—	—
Taxes paid related to net share settlement of equity awards	(35)	—	—	—
Stock issued under employee stock purchase plan	422	—	—	—
<b>Net cash provided by (used in) financing activities</b>	<b>(23,542)</b>	<b>146,478</b>	<b>300,602</b>	<b>(19,530)</b>
Effect of exchange rate changes on cash	(646)	5	—	—
Net change in cash and cash equivalents	(1,808)	(7,652)	32,753	6,896
Cash and cash equivalents balance, beginning of period	25,101	32,753	—	5,025
Cash and cash equivalents balance, end of period	<u>\$ 23,293</u>	<u>\$ 25,101</u>	<u>\$ 32,753</u>	<u>\$ 11,921</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>				
Cash interest paid	\$ 5,125	\$ 8,222	\$ 1,453	\$ 991
Cash income taxes paid	\$ 13,190	\$ 8	\$ —	\$ —
<b>SUPPLEMENTAL NONCASH INVESTING AND FINANCING DISCLOSURES:</b>				
Non-cash issuance of Class B units - non-controlling interest purchase of Oru	\$ —	\$ 16,486	\$ —	\$ —
Non-cash issuance of Class B units - ISLE	\$ —	\$ 16,494	\$ —	\$ —
Non-cash issuance of Class B units - Chubbies	\$ —	\$ 29,075	\$ —	\$ —
Non-cash acquisition of Class B units	\$ —	\$ —	\$ 4,749	\$ —

See Notes to Consolidated Financial Statements

**SOLO BRANDS, INC.**  
**Consolidated Statements of Equity**

*(In thousands)*

SUCCESSOR	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Treasury Stock	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount						
<b>Balance at December 31, 2021</b>	<b>63,397</b>	<b>\$ 63</b>	<b>31,179</b>	<b>\$ 31</b>	<b>\$ 350,088</b>	<b>\$ 10,691</b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$ 213,292</b>	<b>\$ 574,171</b>
Net income (loss)	—	—	—	—	—	(4,945)	—	—	(2,675)	(7,620)
Equity-based compensation	—	—	—	—	12,233	—	—	—	4,512	16,745
Tax distributions to non-controlling interests	—	—	—	—	—	—	—	—	(7,859)	(7,859)
Other comprehensive income (loss)	—	—	—	—	—	—	(505)	—	(322)	(827)
Employee stock purchase plan	103	—	—	—	422	—	—	—	—	422
Surrender of stock to settle taxes on restricted stock awards	—	—	—	—	—	—	—	(35)	—	(35)
Vested equity-based compensation and re-allocation of ownership percentage	151	1	979	1	(4,625)	—	—	—	4,623	—
<b>Balance at December 31, 2022</b>	<b>63,651</b>	<b>\$ 64</b>	<b>32,158</b>	<b>\$ 32</b>	<b>\$ 358,118</b>	<b>\$ 5,746</b>	<b>\$ (499)</b>	<b>\$ (35)</b>	<b>\$ 211,571</b>	<b>\$ 574,997</b>

See Notes to Consolidated Financial Statements

**SOLO BRANDS, INC.**  
**Consolidated Statements of Equity**

<i>(In thousands)</i>	Class A Common Stock		Class B Common Stock		Class A Units		Class B Units		Incentive Units	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount	Units	Amount	Units	Amount						
<b>SUCCESSOR</b>														
<b>Balance at December 31, 2020</b>	—	\$ —	—	\$ —	250,000	\$ 237,309	175,000	\$ 103,109	\$ —	\$ —	\$ (8,318)	\$ —	\$ —	\$ 332,100
Member tax distributions	—	—	—	—	—	(31,503)	—	(1,660)	—	—	—	—	—	(33,163)
Contributions	—	—	—	—	—	—	60	250	—	—	—	—	—	250
Noncontrolling interest in Oru	—	—	—	—	—	—	—	—	—	—	—	—	15,320	15,320
Issuance of Class B units for acquisitions	—	—	—	—	—	—	10,996	45,569	—	—	—	—	—	45,569
Purchase of remaining interest in Oru	—	—	—	—	—	—	9,265	16,486	—	—	—	—	(16,486)	—
Net income prior to Reorganization Transactions	—	—	—	—	—	—	—	—	—	—	37,963	—	1,166	39,129
Equity-based compensation prior to Reorganization Transactions	—	—	913	1	—	—	—	—	4,112	—	—	—	—	4,113
Effect of Reorganization Transactions	48,559	48	30,009	30	(250,000)	(205,806)	(195,321)	(163,754)	(4,112)	246,330	(29,645)	—	156,909	—
Issuance of Class A common stock sold in the initial public offering, net of offering costs	12,903	13	—	—	—	—	—	—	—	153,904	—	—	44,489	198,406
Issuance of Class A common stock sold to underwriters of their exercised option	1,935	2	—	—	—	—	—	—	—	24,695	—	—	5,903	30,600
Net deferred tax adjustments resulting from Reorganization Transactions	—	—	—	—	—	—	—	—	—	(75,663)	—	—	—	(75,663)
Equity-based compensation subsequent to Reorganization Transactions	—	—	—	—	—	—	—	—	—	2,006	—	—	830	2,836



[Table of Contents](#)

Net income subsequent to Reorganization Transactions	—	—	—	—	—	—	—	—	—	—	10,691	—	6,675	17,366
Other comprehensive income subsequent to Reorganization Transactions	—	—	—	—	—	—	—	—	—	—	—	6	3	9
Tax distributions to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(2,701)	(2,701)
Vested equity-based compensation and re-allocation of ownership percentage	—	—	257	—	—	—	—	—	—	(1,184)	—	—	1,184	—
<b>Balance at December 31, 2021</b>	<b>63,397</b>	<b>\$ 63</b>	<b>31,179</b>	<b>\$ 31</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 350,088</b>	<b>\$ 10,691</b>	<b>\$ 6</b>	<b>\$ 213,292</b>	<b>\$ 574,171</b>

See Notes to Consolidated Financial Statements

**SOLO BRANDS, INC.**  
**Consolidated Statements of Equity**

*(In thousands)*

	Class A-1		Class A-2		Retained Earnings (Accumulated Deficit)	Total Equity
	Units	Amount	Units	Amount		
<b>INTERMEDIATE SUCCESSOR</b>						
<b>Balance at December 31, 2019</b>	<b>76,131</b>	<b>\$ 77,244</b>	<b>1,975</b>	<b>\$ 1,933</b>	<b>\$ (5,022)</b>	<b>\$ 74,155</b>
Rollover contribution	—	—	700	700	—	700
Member tax distributions	—	(3,672)	—	(153)	—	(3,825)
Net income (loss)	—	—	—	—	(15,885)	(15,885)
<b>Balance at October 8, 2020</b>	<b>76,131</b>	<b>\$ 73,572</b>	<b>2,675</b>	<b>\$ 2,480</b>	<b>\$ (20,907)</b>	<b>\$ 55,145</b>

*(In thousands)*

	Class A		Class B		Retained Earnings (Accumulated Deficit)	Total Equity
	Units	Amount	Units	Amount		
<b>SUCCESSOR</b>						
<b>Balance at October 9, 2020</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Issuance of Class A units	250,000	250,000	—	—	—	250,000
Issuance of Class B units	—	—	175,000	103,109	—	103,109
Member tax distributions	—	(12,691)	—	—	—	(12,691)
Net income (loss)	—	—	—	—	(8,318)	(8,318)
<b>Balance at December 31, 2020</b>	<b>250,000</b>	<b>\$ 237,309</b>	<b>175,000</b>	<b>\$ 103,109</b>	<b>\$ (8,318)</b>	<b>\$ 332,100</b>

See Notes to Consolidated Financial Statements

**SOLO BRANDS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – Organization and Description of Business**

***Description of Business***

Solo Brands, Inc. (“Company” or “Solo Brands”), through a wholly-owned subsidiary, Solo Stove Holdings, LLC (“Holdings”), operates four premium brands—Solo Stove, Oru Kayak (“Oru”), ISLE Paddle Boards (“ISLE”), and Chubbies apparel. Solo Stove offers portable, low-smoke fire pits, grills, and camping stoves for backyard and outdoor use in different sizes, fire pit bundles, gear kits, stoves, cookware, dinnerware, and a variety of clothing and accessories. Oru offers a flagship line of lightweight, foldable kayaks. ISLE produces high-quality stand-up paddle boards with colorful designs that are engineered to accommodate every skill level, style, and interest. Chubbies is a fun-loving, premium apparel brand that offers well-fitted comfortable clothing with unique style. Solo Brands distributes its products through individual brand websites and other partners across North America, Europe and Australia.

***Organization***

Solo Brands, Inc. was incorporated in Delaware on June 23, 2021 for the purpose of facilitating an initial public offering and other related transactions in order to carry on the Company’s business. On October 28, 2021, Solo Brands, Inc. completed its initial public offering of 14,838,708 shares of Class A common stock.

In connection with the IPO, the organizational structure was converted to an umbrella partnership-C-Corporation with Solo Brands, Inc. having a controlling equity interest in Holdings. The Reorganization Transactions were accounted for as a transaction between entities under common control. As the sole managing member, Solo Brands, Inc. operates and controls all of the business and affairs and, through Holdings and its subsidiaries, conducts the business. Solo Brands, Inc. consolidates Holdings in its consolidated financial statements and reports a non-controlling interest related to the common units held by the Continuing LLC Owners on its audited consolidated financial statements.

Holdings was formed as a single-member limited liability company in the state of Delaware on October 6, 2020. Through a wholly-owned subsidiary, pursuant to the securities purchase agreement (the “2020 Agreement”) dated October 9, 2020, Holdings acquired 100% percent of the outstanding units of Solo Brands, LLC (previously Frontline Advance, LLC dba Solo Stove).

While operating as a limited liability company from 2011 to 2019, Solo Brands, LLC had two owners, or the Founders, which together owned 100% of the outstanding membership interest. Pursuant to the membership interest purchase agreement (“the 2019 Agreement”) dated September 24, 2019, SS Acquisitions, Inc. (which was majority-owned by Bertram Capital) acquired 66.74% of the total Class A-1 and Class A-2 units of Solo Brands, LLC from the Founders. The remaining interests were retained by the Founders and other employees who acquired interest as part of the 2019 Agreement.

For all periods, the operations of the Company are conducted through Solo Brands, LLC. As a result of the 2020 Agreement, Solo Brands, LLC became a wholly-owned subsidiary of Holdings. In exchange, Holdings issued Class A and B units, through which Summit Partners Growth Equity Funds, Summit Partners Subordinated Debt Funds, and Summit Investors X Funds (collectively, the “Summit Partners”) acquired an effective 58.82% percent of Holdings. The remaining units were retained by the Founders, SS Acquisitions, Inc., and other employees (collectively, the “Continuing LLC Owners”).

***Basis of Presentation***

The period January 1, 2020 through October 8, 2020 is referred to as “Intermediate Successor.” The Intermediate Successor period reflects the costs and activities as well as the recognition of assets and liabilities at their fair values pursuant to the election of push-down accounting as of the consummation of the 2019 Agreement. Prior to the formation of Holdings, equity represents interest in Solo Brands, LLC.

The period October 9, 2020 through December 31, 2022 is referred to as “Successor.” The Successor period reflects the costs and activities as well as the recognition of assets and liabilities of the Company at their fair values pursuant to the election of push-down accounting as of the consummation of the 2020 Agreement. Due to the application of acquisition accounting, the election of push-down accounting, and the conforming of significant accounting policies, the results of the consolidated financial statements for Intermediate Successor and Successor periods are not comparable. Subsequent to the formation of the Successor and through the date of the Reorganization Transactions, equity represents interest in Holdings. Subsequent to the Reorganization Transactions, equity represents interest in Solo Brands, Inc. and the Continuing LLC Owners’ interest in Holdings. However, the operations of the Company during this period were conducted through Solo Brands, LLC.

The consolidated financial statements contained herein have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and the rules of the U.S. Securities and Exchange Commission (“SEC”). The consolidated financial statements include those of our wholly-owned subsidiaries. Intercompany balances and transactions are eliminated in consolidation. Certain prior period amounts have been conformed to the current period’s presentation.

## **NOTE 2 – Significant Accounting Policies**

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

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

### ***Use of Estimates***

The 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, liabilities, revenue and expenses during the reporting period and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates and assumptions about future events and their effects cannot be made with certainty. Estimates may change as new events occur when additional information becomes available and if our operating environment changes. Actual results could differ from our estimates.

### ***Concentrations of Credit Risk***

The Company extends trade credit to its business-to-business customers on terms that generally are practiced in the industry. The Company periodically performs credit analyses and monitors the financial condition of its customers to reduce credit risk. The Company performs ongoing credit evaluations of its customers, but generally does not require collateral to support accounts receivable. Accounts receivable mostly consist of amounts due from our business-to-business customers.

For the year ended December 31, 2022, Costco accounts for 42.5% of the Company's total outstanding accounts receivable. For the year ended December 31, 2021, Bed Bath and Beyond, Ace Hardware, and Dick's Sporting Goods accounted for 21.0%, 19.0%, and 13.0%, respectively, of the Company's total outstanding accounts receivable. There are no other significant concentrations of receivables that represent a significant credit risk.

In the Successor periods for the years ended December 31, 2022 and December 31, 2021, in the Successor period for October 9, 2020 through December 31, 2020, and in the Intermediate Successor period for January 1, 2020 through October 8, 2020, no single customer accounted for more than 10% of total net sales.

The Company is exposed to risk due to the concentration of business activity with certain third-party manufacturers of our products. The majority of the camp stoves and fire pits are currently made in China by one manufacturer, with additional manufacturing and available capacity between two separate manufacturers in China. Further, limited manufacturing occurs in India and Vietnam. The majority of the kayaks and kayak accessories were made by two manufacturers in Mexico for the majority of 2022, but are currently made by one manufacturer in Mexico. The majority of the stand up paddle boards and paddle board accessories are currently made in China between a number of manufacturers, with an additional manufacturer in Vietnam. The majority of the casual wear, sportswear, swimwear, outerwear, loungewear, and other accessories are currently made in Vietnam between a variety of manufacturers, with additional manufacturers in India, China, and the United States.

### ***Segment Information***

The Company's Chief Executive Officer, as the chief operating decision-maker, organizes the Company, manages resource allocations, and measures performance on the basis of one operating segment. We report the Company's operations as a single reportable segment and manage the business as a single-brand outdoor consumer products business. This is supported by the operational structure of the Company, which includes marketing, distribution, information technology, accounting and finance, human resources, payroll and legal functions focused on the entire product suite rather than individual product categories. The chief operating decision maker does not regularly review financial information for individual product categories, sales channels, or geographic regions that would allow decisions to be made about the allocation of resources or performance.

### ***Fair Value Measurements***

Accounting standards require certain assets and liabilities to be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets or liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Fair values determined by Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing

models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Company's financial instruments consist primarily of cash, accounts receivable, accounts payable, and bank indebtedness. The carrying amount of cash, accounts receivable, and accounts payable, approximates fair value due to the short-term maturity of these instruments.

#### ***Cash and Cash Equivalents***

The Company considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The Company continually monitors its position with, and the credit quality of, the financial institutions with which it invests. The Company has maintained bank balances in excess of federally insured limits. We have not historically experienced any losses in such accounts.

#### ***Accounts Receivable, net***

Accounts receivables consists of amounts due to the Company from retailers and direct-to-corporate customers. Accounts receivable are recorded at invoiced amounts, less contractual allowances for trade terms, sales incentive programs, and discounts. The Company maintains an allowance for doubtful accounts for estimated losses that will result from the inability of customers to make required payments. The allowance is determined based on a review of specific customer accounts where the collection is doubtful, as well as an assessment of the collectability of total receivables considering the aging of balances, historical and anticipated trends, and other factors. All accounts are subject to an ongoing review of ultimate collectability. Receivables are written off against the allowance when it is probable the amounts will not be recovered.

Bad debt expense is recorded to selling, general, & administrative expenses on the consolidated statements of operations and comprehensive income (loss). Bad debt expense for the Successor years ended December 31, 2022 and December 31, 2021 was \$1.3 million and \$0.3 million, respectively. Bad debt expense was nominal for the Successor period from October 9, 2020 through December 31, 2020 and for the Intermediate Successor period from January 1, 2020 through October 8, 2020.

#### ***Inventory***

Inventories are comprised primarily of finished goods and are recorded at the lower of cost or net realizable value. Cost is determined using average costing that approximates actual cost on a first-in, first-out (FIFO) method. Obsolete or slow-moving inventory is written down to estimated net realizable value.

#### ***Property and Equipment, net***

Property and equipment acquired through acquisitions (as described in Note 4, Acquisitions) are recorded at estimated fair value as of that date. Property and equipment acquired subsequent to acquisitions are recorded at cost, net of accumulated depreciation. Costs of maintenance and repairs are charged to expense when incurred. When property and equipment are sold or disposed of, the cost and related accumulated depreciation is written off, and a gain or loss, if applicable, is recorded. The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Property and equipment are depreciated on a straight-line method over their estimated useful lives. The useful lives for property and equipment are as follows:

	<b>Useful Life</b>
Computers, software, and other equipment	3 Years
Machinery	5 Years
Leasehold improvements	Shorter of lease term or 5 Years
Furniture and fixtures	5 Years

#### ***Goodwill***

Goodwill is determined based upon the excess enterprise value over the estimated fair value of assets and liabilities assumed and is recorded at its estimated fair value at the date of acquisition. The Company reviews goodwill at the reporting unit level, which is one level below the operating segment, for impairment annually on October 1<sup>st</sup> of each fiscal year and on an interim basis whenever events or changes in circumstances indicate the fair value of such assets may be below their carrying value.

#### ***Intangible Assets***

Intangible assets are comprised of brands, trademarks, developed technology, customer relationships and patents and are recorded at their estimated fair values at the date of acquisition. Acquired definite-lived intangible assets subject to amortization are amortized using the straight-line method over the estimated useful lives of the assets.

In addition, external legal costs incurred in the defense of our trademarks and patents are capitalized when we believe that the future economic benefit of the intangible asset will be increased, and a successful defense is probable. In the event of a successful defense, the settlements received are netted against the external legal costs that were capitalized. Capitalized trademark and patent defense costs are amortized over the remaining useful life of the asset. Where the defense of the trademark or patent maintains rather than increases the expected future economic benefits from the asset, the costs would generally be expensed as incurred. The external legal costs incurred and settlements received may not occur in the same period.

The useful lives for intangible assets subject to amortization are as follows:

	<b>Useful Life</b>
Brand	15 Years
Trademarks	5-15 Years
Customer relationships	6-15 Years
Developed technology	6 Years
Patents	8 Years

#### ***Debt Issuance Costs***

Debt issuance costs incurred by the Company in connection with obtaining debt are recorded on the balance sheet as a direct deduction from the carrying value of the associated debt liability. The costs are amortized on a straight-line basis over the term of the related debt and reported as a component of interest expense, net.

#### ***Leases***

The Company leases space for warehouses, stores and corporate space under operating leases expiring at various times through 2029. The Company accounts for leases in accordance with Accounting Standards Codification (“ASC”) No. 842, Leases. The Company determines if an arrangement is a lease at inception of a contract if the terms state the Company has the right to direct the use of, and obtain substantially all the economic benefits from, a specific asset identified in the contract. The right-of-use (“ROU”) assets represent the Company’s right to use the underlying assets for the lease term, and the lease liabilities represent the obligation to make lease payments arising from the leases. The Company records its ROU assets in other non-current assets, its current lease liabilities in accrued expenses and other current liabilities and its non-current lease liabilities in other non-current liabilities. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments to be made over the lease term. Certain of the Company’s lease agreements contain options to extend the lease. The Company evaluates these options on a lease-by-lease basis, and if the Company determines it is reasonably certain to be exercised, the lease term includes the extension. The Company uses its incremental borrowing rate at lease commencement to determine the present value of lease payments, and lease expense is recognized on a straight-line basis over the lease term. The incremental borrowing rate is the rate of interest the Company could borrow on a collateralized basis over a similar term with similar payments. The Company does not record leases with an initial term of twelve months or less (“short-term leases”).

Certain of the Company’s lease agreements include payments for certain variable costs not determinable upon lease commencement, including common area maintenance, utilities, property taxes and inflation adjustments, as well as fixed payments for non-lease components, including common area maintenance. These variable and fixed lease payments are recognized in selling, general and administrative expenses, but are not included in the ROU asset or lease liability balances. The Company’s lease agreements do not contain any material residual value guarantees, restrictions or covenants.

#### ***Revenue Recognition***

The Company primarily engages in direct-to-consumer transactions, which are comprised of product sales directly from the Company’s website, and business-to-business transactions, or wholesale, which are comprised of product sales to retailers, including where possession of the Company’s products is taken and sold by the retailer in-store or online.

For the Company’s direct-to-consumer and wholesale transactions, performance obligations are satisfied at the point of shipment. To determine the point in time at which a customer obtains control of a promised asset and the Company satisfies a performance obligation, the Company considered the following:

- a. The Company has a present right to payment for the asset
- b. The customer has legal title to the asset
- c. The Company has transferred physical possession of the asset
- d. The customer has the significant risks and rewards of ownership of the asset
- e. The customer has accepted the asset.

There are no significant extended payment terms with our customers. Payment is due at the time of sale on our website for our direct-to-consumer transactions. Business-to-business customers’ payment terms vary depending on the contract with each retailer, but the most common is net 30 or net 60 days.

Revenue is recognized for the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer. The consideration promised in a contract with a customer includes fixed and variable amounts. The fixed amount of consideration is the stand-alone selling price of the goods sold. Variable considerations, including cash discounts and rebates, are deducted from gross sales in determining net sales. Variable considerations also include the portion of goods that are expected to be returned and refunded. Any consideration received (or receivable) that the Company expects to refund to the customer is recognized as a refund liability. Our refund liability is based on historical experience and trends. Net sales include shipping costs charged to the customer and are recorded net of taxes collected from customers, which are remitted to government authorities.

#### ***Sales Returns and Allowances***

Sales returns are recorded when the customer makes a return of a purchased product or when the customer agrees to keep a purchased product in return for a reduction in the selling price. The allowance for sales returns is established based on historical return rates and the Company's analysis of macroeconomic conditions.

#### ***Contract Balances***

Contract liabilities are recorded when the customer pays consideration, or the Company has a right to an amount of consideration that is unconditional before the transfer of a good to the customer and thus represents the Company's obligation to transfer the good to the customer at a future date. The Company's primary contract liabilities are from its direct-to-consumer channel and represent payments received in advance from the Company's customers for its products.

#### ***Cost of Goods Sold***

Cost of goods sold includes the purchase price of merchandise sold to customers and inbound shipping and handling costs. Cost of goods sold also includes depreciation on molds and equipment that we own, allocated overhead and direct and indirect labor for warehouse personnel.

#### ***Shipping and Handling Costs***

Costs associated with the shipping and handling of customer sales are expensed when the product ships to the customer. These costs are included in selling, general, & administrative expenses on the consolidated statements of operations and comprehensive income (loss).

#### ***Advertising Expense***

Advertising costs are expensed as incurred. These costs are included in selling, general, & administrative expenses on the consolidated statements of operations and comprehensive income (loss).

Advertising expense for the Successor years ended December 31, 2022 and December 31, 2021 was \$93.4 million and \$74.5 million, respectively, \$9.4 million for the Successor period from October 9, 2020 through December 31, 2020 and \$8.4 million for the Intermediate Successor period from January 1, 2020 through October 8, 2020.

#### ***Research and Development Expense***

Research and development costs consist of costs related to new product development, continued evolution of current products, tools and supplies related to new and current products and prototyping and testing. These costs are expensed as incurred and included in selling, general, & administrative expenses on the consolidated statements of operations and comprehensive income (loss).

Research and development expense for the Successor years ended December 31, 2022 and December 31, 2021 was \$1.1 million and \$0.3 million, respectively. Research and development expense was nominal for the Successor period from October 9, 2020 through December 31, 2020 and for the Intermediate Successor period from January 1, 2020 through October 8, 2020.

#### ***Other Operating Expenses***

Other operating expenses consist primarily of business optimization, business expansion, transaction-related, management transition and merger and acquisition expenses.

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

The Company accounts for income taxes pursuant to the asset and liability method which requires the recognition of deferred income tax assets and liabilities related to the expected future tax consequences arising from temporary differences between the carrying values and tax bases of assets and liabilities based on enacted statutory tax rates applicable to the periods in which the temporary differences are expected to reverse. Any effects of changes in income tax rates or laws are included in income tax expense (benefit) on the consolidated statements of operations and comprehensive income (loss) in the period of enactment. A valuation allowance is recognized if the Company determines it is more likely than not that all or a portion of a deferred tax asset will not be recognized. In making such determination, the Company considers all available evidence, including

scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent and expected future results of operations.

As a result of the Reorganization Transactions, Solo Brands, Inc. became the sole managing member of Holdings, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, Holdings is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by Holdings is passed through to and included in the taxable income or loss of its members, including Solo Brands, Inc. following the Reorganization Transactions, on a pro rata basis. Solo Brands, Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to its allocable share of any taxable income of Holdings following the Reorganization Transactions. The Company is also subject to taxes in foreign jurisdictions.

Oru Kayak, Inc. and Chubbies, Inc., wholly owned subsidiaries of Holdings, are subject to federal and state income taxes on corporate earnings and accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

In accordance with authoritative guidance on accounting for and disclosure of uncertainty in tax positions, the Company follows a more likely than not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. For tax positions meeting the more-likely-than-not threshold, the tax liability recognized in the consolidated financial statements is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state, and local jurisdictions, where applicable. If such examinations result in changes to income or loss, the tax liability of the Company could be changed accordingly.

#### ***Warranty***

The Company warrants its products against manufacturing defects and will replace all products sold by an authorized retailer that are deemed defective. The Company does not warranty its products against normal wear or misuse. Historically, warranty claims have been nominal, and the Company does not expect large warranty claims in the future. These costs are included in selling, general, & administrative expenses on the consolidated statements of operations and comprehensive income (loss).

#### ***Income (Loss) Per Share***

In the Successor periods following the IPO, basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of Class A common stock outstanding during the period. Diluted earnings per share assumes conversion of potentially dilutive securities such as stock options, restricted stock units, and performance stock units.

#### ***Equity-Based Compensation***

The Company recognizes equity-based compensation expense for employees and non-employees based on the grant-date fair value of the award. Certain awards contain service and performance vesting conditions. The grant date fair values of restricted stock awards that contain service vesting conditions and performance stock awards that contain a performance target are estimated based on the fair value of the underlying shares on the grant date. The Company uses a Black-Scholes option-pricing model to calculate the fair value of stock options. This model requires various judgmental assumptions including volatility, the risk free rate, and expected term. For awards with market vesting conditions, the fair value is estimated using a Monte Carlo simulation model, which incorporates the likelihood of achieving the market condition. For service-based awards and performance-based awards that are considered probable of vesting, compensation cost is recognized on a straight-line basis over the requisite service period. Equity-based compensation expense is recorded in the selling, general and administrative expense line item on the consolidated statements of operations and other comprehensive income (loss).



**Recently Adopted Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842), and has modified the standard thereafter, which supersedes the lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the consolidated statement of operations and comprehensive income (loss). Prior to this new standard, leases were classified as either capital or operating, with only capital leases recognized on the consolidated balance sheets. The Company did not have any capital leases prior to or upon adoption of ASU 2016-02. The Company adopted this standard on January 1, 2022 using the modified retrospective transition approach. Upon adoption of ASU 2016-02, the Company recorded the following amounts associated with operating leases in its consolidated balance sheet at January 1, 2022: \$24.9 million of ROU assets in other non-current assets, \$4.1 million of lease liabilities in accrued expenses and other current liabilities and \$21.4 million of lease liabilities in other non-current liabilities. There was no impact to the opening balance of retained earnings as a result of implementing ASU 2016-02. The Company elected the package of three practical expedients available under the ASU, which allows entities to carryforward accounting conclusions under previous GAAP by not reassessing the following: (a) whether a contract is or contains a lease, (b) lease classification or (c) determination of initial direct costs. Additionally, the Company implemented appropriate changes to internal processes and controls to support recognition, subsequent measurement and disclosures.

**Recently Issued Accounting Pronouncements - Not Yet Adopted**

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments. The ASU includes changes to the accounting and measurement of financial assets, including the Company’s accounts receivable, by requiring the Company to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice, where an allowance is not recognized until the losses are considered probable. In November 2019, the FASB issued ASU 2019-10, deferring the effective date of ASU 2016-13 to annual periods beginning after December 15, 2022. Upon adoption on January 1, 2023, the ASU will be applied using a modified retrospective transition method to the beginning of the earliest period presented. Although early adoption is permitted, the Company has chosen not to early adopt. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, an update that provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions effected by reference rate reform if certain criteria are met. The optional guidance is provided to ease the potential burden of accounting for reference rate reform. The guidance was effective as of March 12, 2020. In December 2022, the FASB issued ASU 2022-06, deferring the date through which Topic 848 is available for contract modifications to December 31, 2024. The Company does not expect the adoption of this standard to have a material impact on its 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. The ASU requires that an acquirer recognize and measure contract assets and liabilities acquired in a business combination in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance is effective for annual periods beginning after December 15, 2023, including interim periods therein, with early adoption permitted. The guidance will be applied prospectively to acquisitions occurring on or after the effective date. The Company will continue to evaluate the impact of this guidance, which will depend on the contract assets and liabilities acquired in future business combinations.

**NOTE 3 – Revenue**

The following table disaggregates our net sales by channel:

	SUCCESSOR		SUCCESSOR		SUCCESSOR	INTERMEDIATE SUCCESSOR
	Year Ended December 31,				October 9, 2020 through	January 1, 2020 through
	2022	2021			December 31, 2020	October 8, 2020
Net sales by channel						
Direct-to-consumer	\$ 423,412	\$ 355,658	\$ 56,986	\$ 65,701		
Wholesale	94,215	48,059	3,866	6,875		
Total net sales	\$ 517,627	\$ 403,717	\$ 60,852	\$ 72,576		

Total sales returns and allowances were \$14.8 million and \$11.6 million for the Successor years ended December 31, 2022 and 2021, respectively, \$4.7 million in the Successor period from October 9, 2020 through December 31, 2020, and \$3.0 million in the Intermediate Successor period from January 1, 2020 through October 8, 2020. These amounts are included in net sales on the consolidated statements of operations and comprehensive income (loss).

**NOTE 4 – Acquisitions**

The following transactions were accounted for under the acquisition method of accounting for business combinations.

***Oru Kayak, Inc.***

On May 3, 2021, Solo Brands, LLC acquired 60% of the voting equity interests in Oru Kayak, Inc. (“Oru”) for total cash consideration of \$25.4 million. Additionally, the Company had the option to purchase the remaining 40% upon a liquidity event, which it did on September 8, 2021 in exchange for 9.3 million Class B Units of Holdings. The exercise price of the option was equal to Oru’s last twelve months adjusted EBITDA times a predetermined multiple. The Company acquired Oru to increase its brand and market share in the overall outdoor activities industry, as Oru manufactures, markets, and sells kayak boats and kayak accessories.

The excess enterprise value of Oru over the estimated fair value of assets and liabilities assumed was recorded as goodwill. Goodwill was recorded to reflect the excess purchase consideration over net assets acquired, which represents the value that is expected from expanding the Company’s product offerings and other synergies. Factors that contributed to the recognition of goodwill included the expected future revenue growth of Oru. None of the goodwill recognized was expected to be deductible for tax purposes. A working capital settlement of \$0.2 million was paid during the first quarter of 2022 and purchase accounting has been finalized.

The following table summarizes the fair values of the assets acquired and liabilities assumed by the Company at the acquisition date:

Cash	\$	6,307
Accounts receivable		357
Inventory		4,171
Property and equipment		436
Prepaid expenses and other assets		902
Intangible assets		21,115
Accounts payable and accrued liabilities		(4,119)
Deferred revenue		(746)
Deferred tax liability		(6,247)
Total identifiable net assets		22,176
Noncontrolling interest		(15,320)
Goodwill		18,781
Total		25,637
Less: cash acquired		(6,307)
Total, net of cash acquired	\$	19,330

Net sales of Oru included in the Company’s consolidated statements of operations and comprehensive income (loss) since the acquisition date for the Successor years ended December 31, 2022 and December 31, 2021 were \$28.2 million and \$19.9 million, respectively, and net income for the same periods was \$2.8 million and \$2.8 million, respectively.

***International Surf Ventures, LLC***

On August 2, 2021, Solo Brands, LLC acquired 100% of the voting equity interests in International Surf Ventures, LLC (“ISLE”) for total consideration of cash paid of \$24.8 million and Class B units of \$16.5 million. The Company acquired ISLE to increase its brand and market share in the overall outdoor activities industry, as ISLE manufactures, markets, and sells stand up paddle boards and paddle board accessories.

The excess enterprise value of ISLE over the estimated fair value of assets and liabilities assumed was recorded as goodwill. Goodwill was recorded to reflect the excess purchase consideration over net assets acquired, which represents the value that is expected from expanding the Company’s product offerings and other synergies. Factors that contributed to the recognition of goodwill included the expected future revenue growth of ISLE. None of the goodwill recognized was expected to be deductible for tax purposes. Purchase accounting has been finalized.

The following table summarizes the fair values of the assets acquired and liabilities assumed by the Company at the acquisition date:

Cash	\$	3,085
Accounts receivable		107
Inventory		8,986
Property and equipment		110
Prepaid expenses and other assets		60
Intangible assets		4,121
Accounts payable and accrued liabilities		(4,697)
Total identifiable net assets		11,772
Goodwill		29,564
Total		41,336
Less: fair value of class B units		(16,494)
Less: cash acquired		(3,085)
Total, net of cash acquired	\$	21,757

Net sales of ISLE included in the Company's consolidated statements of operations and comprehensive income (loss) since the acquisition date for the Successor years ended December 31, 2022 and December 31, 2021 were \$17.8 million and \$5.4 million, respectively, and net loss for the same periods was \$33.8 million and \$7.1 million, respectively.

#### ***Chubbies, Inc.***

On September 1, 2021, Solo Brands, LLC acquired 100% of the voting equity interests in Chubbies, Inc. ("Chubbies") for total consideration of cash paid of \$100.4 million and Class B units of \$29.1 million. The Company acquired Chubbies to increase its brand and market share in the overall outdoor activities industry, as Chubbies sells casual wear, sportswear, swimwear, outerwear, loungewear, and other accessories.

The excess enterprise value of Chubbies over the estimated fair value of assets and liabilities assumed was recorded as goodwill. Goodwill was recorded to reflect the excess purchase consideration over net assets acquired, which represents the value that is expected from expanding the Company's product offerings and other synergies. Factors that contributed to the recognition of goodwill included the expected future revenue growth of Chubbies. None of the goodwill recognized was expected to be deductible for tax purposes. A working capital settlement of \$0.6 million was paid during the first quarter of 2022 and purchase accounting has been finalized.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed by the Company at the acquisition date:

Cash	\$	7,990
Accounts receivable		1,962
Inventory		25,360
Property and equipment		401
Prepaid expenses and other assets		893
Intangible assets		47,846
Accounts payable and accrued liabilities		(15,011)
Deferred revenue		(392)
Deferred tax liability		(12,095)
Other non-current liabilities		(12)
Total identifiable net assets		56,942
Goodwill		73,118
Total		130,060
Less: cash acquired		(7,990)
Less: fair value of class B units		(29,075)
Total, net of cash acquired	\$	92,995

Net sales of Chubbies included in the Company's consolidated statements of operations and comprehensive income (loss) since the acquisition date for the Successor years ended December 31, 2022 and December 31, 2021 were \$89.3 million and \$16.4 million, respectively. Net income for the 2022 period was \$0.1 million, and net loss for the 2021 period was \$8.1 million.

The table below summarizes the aggregate amount of net sales and net loss for Oru, ISLE and Chubbies for the years ended December 31, 2022 and 2021. The amounts for the year ended December 31, 2021 are unaudited pro-forma amounts reflecting the amounts of net sales and net loss as if the acquisitions had occurred as of January 1, 2021.

	<b>Successor</b>	
	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Actuals)</b>	<b>(Pro-Forma) (Unaudited)</b>
<b>Net sales</b>		
Acquisitions	\$ 135,256	\$ 121,273
<b>Net loss</b>		
Acquisitions	\$ (20,488)	\$ (20,349)

Pro-forma net sales, if combined with the net sales of Solo Brands, Inc., for the Successor period ended December 31, 2021 would have been \$483.3 million and pro-forma net income, if combined with the net income of Solo Brands, Inc., would have been \$48.5 million.

**NOTE 5 – Inventory**

Inventory consisted of the following:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Finished products on hand	\$ 112,126	\$ 64,310
Finished products in transit	16,589	28,064
Raw materials	4,275	2,148
Fair value write-up	—	7,813
Inventory	<u>\$ 132,990</u>	<u>\$ 102,335</u>

**NOTE 6 – Property and Equipment, net**

Property and equipment, net consisted of the following:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Machinery	\$ 8,940	\$ 1,288
Computer, software, and other equipment	2,003	3,032
Leasehold improvements	6,959	6,121
Furniture and fixtures	1,463	746
Construction in progress	67	166
Property and equipment, gross	19,432	11,353
Accumulated depreciation	(4,266)	(750)
Property and equipment, net	<u>\$ 15,166</u>	<u>\$ 10,603</u>

Depreciation expense was \$3.6 million and \$0.8 million for the Successor years ended December 31, 2022 and 2021, respectively. Depreciation expense was nominal in the Successor period from October 9, 2020 through December 31, 2020 and in the Intermediate Successor period from January 1, 2020 through October 8, 2020.

**NOTE 7 – Intangible Assets, net**

Intangible assets, net consisted of the following:

	December 31, 2022	December 31, 2021
Gross carrying value		
Brand	\$ 196,114	\$ 196,114
Trademarks	33,566	33,457
Customer relationships	28,605	28,605
Developed technology	17,871	17,871
Patents	2,883	1,888
Intangible assets, gross	279,039	277,935
Accumulated amortization and impairments		
Brand	(29,146)	(16,036)
Trademarks <sup>(1)</sup>	(5,957)	(901)
Customer relationships	(4,542)	(1,915)
Developed technology	(4,255)	(1,702)
Patents	(507)	(147)
Accumulated amortization, gross	(44,407)	(20,701)
Intangible assets, net	\$ 234,632	\$ 257,234

<sup>(1)</sup> Includes impairment of trademark discussed below.

In the second quarter of 2022, as a result of the Company's identification of triggering events to perform an interim quantitative goodwill impairment test (see Note 7, Goodwill for more information), the Company first considered the extent to which the adverse events and circumstances identified could affect the reporting units' carrying amounts. The Company observed weakened paddleboard sales resulting in a lower near-term forecast of future operating results, which constituted a triggering event for one of the Company's held and used long-lived asset groups primarily consisting of a trademark intangible asset. The Company reviewed the undiscounted future cash flows for the identified long-lived asset group, and the results of the analysis indicated the carrying amount for the long-lived asset group was not expected to be recovered. The Company estimated the fair value of the trademark intangible using the relief-from-royalty method under the income approach, based on the following significant assumptions: management's estimates of future net sales for the long-lived asset group, the royalty rate and the weighted average cost of capital adjusted for the relevant risk associated with the characteristics of the long-lived asset group. The fair value was then compared to the carrying value of the long-lived asset group, and the Company recorded a \$2.7 million impairment charge to the trademark intangible asset at June 30, 2022. This impairment charge was recorded to impairment charges on the consolidated statements of operations and comprehensive income (loss). As a result of this impairment charge, the Company also reassessed the useful life of this trademark and revised it from fifteen years to five years. This change does not have a material impact to amortization expense in any future year.

Amortization expense was \$21.0 million and \$17.5 million for the Successor years ended December 31, 2022 and 2021, respectively. Amortization expense was \$3.2 million in the Successor period from October 9, 2020 through December 31, 2020 and \$2.3 million in the Intermediate Successor period from January 1, 2020 through October 8, 2020.

Estimated amortization expense for the next five years was as follows:

Years ending December 31,	Amount
2023	\$ 21,191
2024	21,191
2025	21,191
2026	21,070
2027	20,899
Thereafter	129,090
Total future amortization expense	\$ 234,632

**NOTE 8 – Goodwill**

The carrying value of goodwill was as follows:

Balance, December 31, 2020	\$	289,096
Acquisitions		121,463
Balance, December 31, 2021		410,559
Accumulated impairment losses		(27,901)
Balance, December 31, 2022	\$	382,658

In the second quarter of 2022, the Company identified triggering events indicating the fair value of one or more of the Company's reporting units more likely than not did not exceed their carrying values. The triggering events included: (1) adverse equity market conditions resulting in a sustained decline in the Company's stock price subsequent to the Company's issuance of its first quarter 2022 results on Form 10-Q and (2) weakened demand for the ISLE reporting unit's products resulting in a lower near-term forecast of future operating results. As a result, the Company performed an interim quantitative goodwill impairment test for all of its reporting units and recorded a \$27.9 million goodwill impairment charge related to its ISLE reporting unit, which has \$1.7 million of remaining goodwill after the impairment. The results of the interim quantitative test did not result in a goodwill impairment for the Company's other reporting units. The impairment charge was recorded to impairment charges on the consolidated statements of operations and comprehensive income (loss).

The Company estimated the fair value of its reporting units using a weighting of fair values derived from the income and market approaches, where comparable market data was available. Under the income approach, the Company determined the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections were based on management's estimates of revenue growth rates and operating margins, considering industry and market conditions, and management's estimates of working capital requirements. The discount rate for each reporting unit was based on a weighted average cost of capital adjusted for the relevant risk associated with the characteristics of each reporting unit and its estimated cash flows. Under the market approach, the Company utilized a combination of methods, including estimates of fair value based on: (1) market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting unit and (2) pricing multiples derived from recent merger and acquisition transactions of comparable publicly-traded companies.

The Company completed its annual goodwill impairment test as of October 1, 2022. The Company qualitatively assessed whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. This assessment was made based on relevant information, including applicable facts and circumstances, known as of the goodwill impairment assessment date. Due to the triggering events identified in the second quarter of 2022 and the subsequent quantitative impairment test performed at that time, the non-persistent nature of the triggering events in the second half of 2022 and the qualitative assessment performed as of October 1, 2022, the Company does not believe that it is more likely than not that the carrying value of its reporting units exceed their fair values. For 2021, the annual goodwill impairment analysis did not result in impairment charges at any of the Company's reporting units.

**NOTE 9 – Accrued Expenses and Other Current Liabilities**

Significant accrued expenses and other current liabilities were as follows:

	December 31, 2022	December 31, 2021
Inventory <sup>(1)</sup>	\$ 7,543	\$ 5,966
Payroll	6,999	6,972
Leases	6,889	—
Non-income taxes	6,163	5,072
Income taxes	5,490	4,631
Allowance for sales returns	3,937	1,462
Shipping costs	3,607	1,936
Other	2,749	4,225
Accrued expenses and other current liabilities	\$ 43,377	\$ 30,264

<sup>(1)</sup> \$2.1 million in accounts payable for inventory-in-transit as of December 31, 2021 has been reclassified to accrued expenses and other current liabilities as of December 31, 2022 in order to maintain comparability of the financial statements.

**NOTE 10 – Long-Term Debt**

Long-term debt consisted of the following:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Term loan	\$ 96,250	\$ 99,375
Revolving credit facility	20,000	32,500
Unamortized debt issuance costs	(2,867)	(3,727)
Total debt, net of debt issuance costs	113,383	128,148
Less current portion of long-term debt	5,000	3,125
Long-term debt, net	<u>\$ 108,383</u>	<u>\$ 125,023</u>

Interest expense related to long-term debt was \$6.3 million and \$10.1 million for the Successor years ended December 31, 2022 and 2021, respectively. Interest expense was \$1.5 million in the Successor period from October 9, 2020 through December 31, 2020 and \$1.7 million in the Intermediate Successor period from January 1, 2020 through October 8, 2020.

***Revolving Credit Facility and Term Loan***

On May 12, 2021, the Company entered into a credit agreement with a bank (the “Revolving Credit Facility”). Under the terms of this agreement, the Company may borrow up to \$200 million under a revolving credit facility. On June 2, 2021, and on September 1, 2021, the Company entered into amendments to the Revolving Credit Facility, which resulted in an increase in the maximum amount available under the Revolving Credit Facility to \$350 million. Under the terms of the Revolving Credit Facility, the Company has access to certain swing line loans and up to \$20.0 million in letters of credit. The Revolving Credit Facility matures on May 12, 2026 and bears interest at a rate equal to the base rate as defined in the agreement plus an applicable margin, which as of December 31, 2022, was based on LIBOR. Interest is due, at a minimum, on a quarterly basis, with principal not due until maturity under the Revolving Credit Facility.

In addition to the above, the amendment on September 1, 2021 included a provision for the Company to borrow up to \$100.0 million under a term loan (the “Term Loan”). The proceeds from the Term Loan were used to fund the Chubbies acquisition (see Note 4 for information on the acquisition). The Term Loan matures on September 1, 2026 and bears interest at a rate equal to a base rate defined in the agreement plus an applicable margin, which as of December 31, 2022 was based on LIBOR. The Company was required to make quarterly principal payments on the Term Loan beginning on December 31, 2021. The Company was in compliance with all covenants under all credit arrangements as of December 31, 2022.

***Subordinated Debt - Related Party***

On October 9, 2020, the Company entered into notes payable agreements (the “Subordinated Debt”) with certain Class A unitholders for \$30.0 million that were subordinate to the Senior Debt Facility described below. The notes bore interest at 12% per annum and required quarterly interest payments, with principal due one year following the maturity of the Senior Debt Facility. In November 2021, the Company used the IPO and underwriters option proceeds to repay in full the Subordinated Debt.

***Senior Debt Facility***

The Company voluntarily repaid in full the principal amount and \$1.0 million of accrued interest outstanding under the Senior Debt Facility on May 31, 2021, using proceeds from the Revolving Credit Facility described above. The Company wrote off \$1.5 million of debt issuance costs associated with the Senior Debt Facility during the year ended December 31, 2021.

As of December 31, 2022, the future maturities of principal amounts of our total debt obligations, excluding lease obligations (see Note 11 for future maturities of lease obligations), for the next five years and in total, consists of the following:

<b>Years Ending December 31,</b>	<b>Amount</b>
2023	\$ 5,000
2024	6,250
2025	10,625
2026	94,375
Total	<u>\$ 116,250</u>

**NOTE 11 – Leases**

The following table presents the components of the total leased assets and lease liabilities and their classification in the Company's consolidated balance sheets:

	<b>Classification in Consolidated Balance Sheets</b>	<b>December 31, 2022</b>
Operating lease right-of-use assets	Other non-current assets	\$ 34,259
Current operating lease liabilities	Accrued expenses and other current liabilities	6,889
Long-term operating lease liabilities	Other non-current liabilities	29,133
<b>Total operating lease liabilities</b>		<b>\$ 36,022</b>

The components of lease expense were as follows:

	<b>Year Ended December 31,</b>
	<b>2022</b>
Operating lease right-of-use expense	\$ 6,890
Variable and short-term lease expense	1,446
<b>Total lease expense</b>	<b>\$ 8,336</b>

The weighted average remaining lease term and discount rate are presented in the following table:

	<b>December 31, 2022</b>
Weighted average remaining lease term (years)	5.05
Weighted average discount rate	2.66 %

Cash flow and other information related to leases is included in the following table:

	<b>Year Ended December 31,</b>
	<b>2022</b>
Operating cash outflows for amounts included in the measurement of lease liabilities	\$ 5,676
Right of use assets obtained in exchange for lease obligations	14,797

Future maturities of lease liabilities at December 31, 2022 are presented in the following table:

<b>Years Ending December 31,</b>	<b>Operating Leases</b>
2023	\$ 7,830
2024	7,957
2025	8,019
2026	6,603
2027	4,667
Thereafter	3,906
<b>Total lease payments</b>	<b>38,982</b>
Less: imputed interest	2,960
<b>Present value of lease liabilities</b>	<b>\$ 36,022</b>

**NOTE 12 – Equity-Based Compensation**

**Fair Value Considerations**

Determining the fair value of awards requires judgment. The Monte Carlo simulation and Black-Scholes models were used to estimate the fair value of awards that have service, performance and/or market vesting conditions. The assumptions used in these models require the input of subjective assumptions as follows:



*Fair value*—The fair value of the common stock underlying the incentive units was determined by the Company’s board of directors (the “Board”). Because there was no public market for the incentive units, the Company’s Board determined the common stock fair value at the incentive unit grant date by considering several objective and subjective factors, including the price paid for its common and preferred stock, actual and forecasted operating and financial performance, market conditions and performance of comparable publicly traded companies, developments and milestones within the Company, the rights, preferences, and privileges of its common and preferred stock, and the likelihood of achieving a liquidity event. The fair value of the common stock underlying stock options, restricted stock units and performance stock units was determined by the closing stock price on the New York Stock Exchange.

*Expected volatility*—Expected volatility was based on historical volatilities of a publicly-traded peer group based on weekly price observations over a period equivalent to the expected term of the award.

*Expected term*—For awards with only service vesting conditions, the expected term was determined using the simplified method, which estimates the expected term using the contractual life of the award and the vesting period. For awards with performance or market conditions, the term was estimated in consideration of the time period expected to achieve the performance or market condition, the contractual term of the award, and estimates of future exercise behavior.

*Risk-free interest rate*—The risk-free interest rate was based on the U.S. Treasury yield of treasury bonds with a maturity that approximates the expected term of the award.

*Expected dividend yield*—The dividend yield was based on the Company’s expectations of dividend payouts. The Company has never declared or paid any cash dividends on its common stock, and the Company does not anticipate paying any cash dividends in the foreseeable future.

*DLOM estimate*—The discounts for lack of marketability were used to help calculate the value of closely held and restricted shares. A valuation discount exists between a share that is publicly traded, and thus has a market, and the market for privately held stock, which often has little, if any, marketplace.

*Forfeiture rate*—The Company recognizes forfeitures as they occur instead of estimating forfeitures based on historical activity.

### Summary of Equity-Based Compensation

The table below summarizes equity-based compensation expense recognized by award type:

	SUCCESSOR			INTERMEDIATE SUCCESSOR
	Year Ended December 31,		October 9, 2020 through December 31, 2020	January 1, 2020 through October 8, 2020
	2022	2021		
Incentive units	\$ 13,616	\$ 6,646	\$ —	\$ —
Restricted stock units	3,626	553	—	—
Stock options	657	130	—	—
Performance stock units	628	—	—	—
Employee stock purchases	71	—	—	—
<b>Total equity-based compensation</b>	<b>\$ 18,598</b>	<b>\$ 7,329</b>	<b>\$ —</b>	<b>\$ —</b>

The following table summarizes the Company’s total unrecognized equity-based compensation as of December 31, 2022:

	Unrecognized Equity-Based Compensation
Incentive units	\$ 12,195
Restricted stock units	15,301
Stock options	3,538
Performance stock units	4,371
<b>Total unrecognized equity-based compensation</b>	<b>\$ 35,405</b>

Excess tax benefits (detriments) related to equity-based compensation were \$(1.6) million in 2022, with no corresponding amount in 2021.

### Incentive Units

Prior to the IPO, certain employees of the Company purchased incentive units in Solo Stove Holdings, LLC for \$0.000001 per unit. The majority of the incentive units were issued in December 2020 with additional issuances in January and March 2021. The Company used the Monte Carlo simulation model to determine the fair value of the incentive units. Each incentive award consists of service-based units (representing one-third (1/3) of the number of incentive units) and performance-based units (representing two-thirds (2/3) of the number of incentive units).

The incentive units with a service condition are scheduled to vest over four years with 25% vesting on the one-year anniversary of the grant date and the remaining 75% of such service-based units vesting in substantially equal monthly installments over the following three years, subject to the employee's continued employment through each applicable vesting date. Additionally, the vesting of the service-based units will accelerate upon the occurrence of a sale transaction prior to the employee's termination of employment. The IPO did not meet the definition of a sale transaction per the incentive unit agreement. Therefore, the vesting of the service-based units did not accelerate upon the IPO, nor did the vesting schedule change.

There were 27.6 million incentive units outstanding immediately before the Reorganization Transactions. After the Reorganization Transactions, the 27.6 million incentive units converted into 3.4 million common units in Holdings. The 3.4 million common units consist of service-based units representing one-third (1/3) of the common units and performance-based units representing two-thirds (2/3) of the common units.

In connection with the IPO, 0.9 million of the 2.3 million performance-based common units vested with the remaining 1.4 million unvested performance-based common units being canceled. Associated with these vested units, the Company recognized \$3.3 million of stock compensation expense during the fourth quarter of fiscal year 2021.

At IPO, the 1.4 million performance-based incentive units that did not vest were replaced with service-based common units in Holdings that vest over two years, with 50% of units vesting after one year and 50% vesting in four quarterly installments in the following year, subject to the employee's continued employment with the Company through the applicable vesting date. If Summit Partners sells all of its equity interests in the Company or if the investment return to Summit equals or exceeds 4.0x on a per-share basis for four consecutive quarters, and in each case the employee remains employed with the Company on such date, then all unvested service-based common units that were previously performance-based incentive units will vest. For accounting purposes, these awards were considered new awards with an estimated fair value of \$25.8 million. Pursuant to the Stockholders Agreement, dated October 27, 2021 by and among the Company and the stockholders party thereto, holders of common units cannot exercise vested service-based common units until such time as Summit Partners and its affiliates cease to own any of the shares of Holdings common stock owned by them at IPO, Summit Partners does a follow-on registered offering in which case holders can perform an equivalent transaction, or the Stockholders Agreement is otherwise terminated in accordance with its terms.

The grant date fair value of each incentive unit incorporates a range of assumptions for inputs as follows:

	<b>2020</b>
Expected term (years)	4.0
Expected stock price volatility	36.0 %
Risk-free interest rate	0.3 %
Expected dividend yield	—
DLOM estimate	16.0 %
Weighted average fair value at grant date	\$ 0.25

A summary of the incentive and common units is as follows for the periods indicated (in thousands, except per share data):

	Outstanding Incentive Units	Outstanding Common Units	Weighted Average Grant Date Fair Value Per Unit	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Unvested, December 31, 2020	24,551	—	\$ 0.25	3.00	\$ 6,220
Granted prior to Reorganization Transactions	3,730	—	0.45		1,663
Forfeited/cancelled prior to Reorganization Transactions	(723)	—	0.25		(183)
Effect of Reorganization Transactions <sup>(1)</sup>	(27,558)	3,408	—		—
Cancellation of unvested performance units in connection with the IPO <sup>(2)</sup>	—	(1,359)	—		—
Grant of replacement awards in connection with the IPO <sup>(3)</sup>	—	1,359	18.95		25,754
Vested in connection with the IPO <sup>(4)</sup>	—	(913)	1.47		(1,342)
Vested subsequent to Reorganization Transactions	—	(257)	3.84		(988)
Unvested, December 31, 2021	—	2,238	\$ 13.91	2.11	\$ 31,124
Granted	—	—	—		—
Forfeited/canceled	—	(66)	15.02		(987)
Vested	—	(979)	14.79		(14,482)
Unvested, December 31, 2022	—	1,193	\$ 13.12	0.00	\$ 15,655
Exercisable, December 31, 2022 <sup>(5)</sup>	—	—	\$ —		\$ —

<sup>(1)</sup> Represents the conversion of incentive units into common units of Holdings. The aggregate intrinsic value did not change after the conversion.

<sup>(2)</sup> Represents the performance-based units that did not vest upon IPO because Summit Partners did not achieve a return of 4.0x as described above.

<sup>(3)</sup> Represents the replacement awards that were granted for the performance-based units that did not vest upon IPO. Refer to the amended incentive unit terms described above.

<sup>(4)</sup> Represents the performance-based units that vested upon IPO.

<sup>(5)</sup> Note there were performance and service-based units that vested by December 31, 2022. However, none of them are exercisable due to the Stockholders Agreement, as described above.

The total fair value of incentive units vested and converted into shares during 2022 and 2021 was \$14.5 million and \$2.3 million, respectively.

#### Incentive Award Plan

In October 2021, the Board adopted, and the stockholders of the Company approved, the 2021 Incentive Award Plan (“Incentive Award Plan”), which became effective on October 28, 2021. Upon the Incentive Award Plan becoming effective, there were 10,789,561 shares of Class A common stock authorized under the Incentive Award Plan. The shares of Class A common stock authorized under the Incentive Award Plan will increase annually, beginning on January 1, 2023 and continuing through 2031, by the lesser of (i) 5% of the then outstanding common stock, or (ii) a smaller amount as agreed by the Board.

#### Stock Options

Upon IPO, the Company granted stock options under the Incentive Award Plan. Stock options provide for the purchase of shares of the Company’s Class A common stock in the future at an exercise price set on the grant date. Unless otherwise determined by the plan administrator and except for certain substitute options granted in connection with a corporate transaction, the stock option's exercise price will not be less than 100% of the fair market value of the underlying share on the date of grant. The options vest over four years, with 25% vesting on the first anniversary of the grant date and the remainder vesting in substantially equal quarterly installments over the following three years, subject to the employee’s continued employment with the Company through the applicable vesting date.

The following summary sets forth the stock option activity under the Incentive Award Plan (in thousands, except per share data):

	Number of Stock Options	Weighted-Average Grant Date Fair Value	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Unvested, December 31, 2020	—	\$ —	\$ —	—	\$ —
Granted	340	8.71	17.00		
Forfeited or expired	—	—	—		
Vested and converted to shares	—	—	—		
Unvested, December 31, 2021	340	\$ 8.71	\$ 17.00	9.83	\$ —
Granted	502	2.72	5.07		
Forfeited or expired	(93)	8.71	17.00		
Vested and converted to shares	(62)	8.71	17.00		
Unvested, December 31, 2022	687	\$ 4.34	\$ 8.29	4.98	\$ —
Exercisable, December 31, 2022	62	\$ 8.71	\$ 17.00	—	\$ —

<sup>(1)</sup> The aggregate intrinsic value is zero because the closing Class A common stock price at the end of the fiscal year is less than the weighted-average exercise price of the options.

The fair value of each option was estimated at the grant date using the Black-Scholes method with the following assumptions:

	Fiscal Year Ended December 31,	
	2022	2021
Risk-free interest rate	2.7% - 3.1%	1.6%
Expiration (in years)	10	10
Expected volatility	40.5% - 40.7%	37.0%

#### Restricted Stock Units

Upon and after the IPO, the Company granted restricted stock units (“RSUs”) under the Incentive Award Plan. The RSUs are unfunded, unsecured rights to receive, on the applicable settlement date, shares of our Class A common stock or an amount in cash or other consideration determined by the plan administrator to be of equal value as of such settlement date. The RSUs will vest over four years, with 25% vesting on the first anniversary of the grant date and the remainder vesting in substantially equal quarterly installments over the following three years, subject to the employee’s continued employment with the Company through the applicable vesting date.

The following table summarizes the activity related to the Company’s restricted stock units:

	Restricted Stock Units Outstanding	
	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding, December 31, 2020	—	\$ —
Granted	661	19.05
Vested and converted to shares	—	—
Forfeited/canceled	—	—
Outstanding, December 31, 2021	661	\$ 19.05
Granted	1,457	2.94
Vested and converted to shares	(151)	19.02
Forfeited/canceled	(184)	17.52
Outstanding, December 31, 2022	1,784	\$ 6.05

The total fair value of RSUs vested and converted into shares during 2022 was \$2.9 million.

**Performance Stock Units**

In October 2022, the Company granted performance stock units (“PSUs”) under the Incentive Award Plan. The PSUs are unfunded, unsecured rights to receive, if the Company achieves an internally-derived performance target, shares of our Class A common stock or an amount in cash of equal fair market value of a share on the day immediately preceding the settlement date. The PSUs will vest at the conclusion of a fiscal quarter that begins at any time within a two year period after January 1, 2023, if the Company’s internally-derived performance target is met during a fiscal quarter and subject to the employee’s continued employment with the Company through the applicable vesting date. If the Company’s internally-derived performance target is not achieved within the two year vesting period, the PSUs will automatically forfeit.

The following table summarizes the activity related to the Company’s performance stock units:

	Performance Stock Units Outstanding	
	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding, December 31, 2021	—	\$ —
Granted	1,296	3.86
Vested and converted to shares	—	—
Forfeited/canceled	—	—
Outstanding, December 31, 2022	1,296	\$ 3.86

**Employee Stock Purchase Plan**

In October 2021, the Board adopted, and the stockholders of the Company approved, the 2021 Employee Stock Purchase Plan (the “ESPP”). The maximum number of shares of common stock which will be authorized for sale under the ESPP is equal to the sum of (a) 1,618,434 shares of common stock and (b) an annual increase on the first day of each fiscal year beginning in 2023 and ending in 2031, equal to the lesser of (i) 0.5% of the shares of the Company’s common stock outstanding on the last day of the immediately preceding fiscal year and (ii) such number of shares of common stock as determined by the Board; provided, however, no more than 6,473,736 shares of common stock may be issued under or transferred pursuant to rights granted under Section 423 Component (as defined within the ESPP) of the ESPP (which numbers may be adjusted pursuant to the ESPP). As of December 31, 2022, awards with respect to 102,616 shares of Class A common stock have been issued under the ESPP.

**NOTE 13 – Income Taxes**

**Provision for Income Taxes**

Income (loss) before income taxes was as follows:

	SUCCESSOR			INTERMEDIATE SUCCESSOR
	Year Ended December 31,		October 9, 2020 through December 31, 2020	January 1, 2020 through October 8, 2020
	2022	2021		
Domestic	\$ (7,729)	\$ 59,741	\$ (8,297)	\$ (15,807)
Foreign	1,110	(1,221)	—	—
Total income (loss) before income taxes	\$ (6,619)	\$ 58,520	\$ (8,297)	\$ (15,807)

The provision (benefit) for income taxes comprises:

	SUCCESSOR						INTERMEDIATE SUCCESSOR	
	Year Ended December 31,				October 9, 2020 through		January 1, 2020 through	
	2022		2021		December 31, 2020		October 8, 2020	
Current income tax expense:								
Federal	\$	9,223	\$	4,208	\$	—	\$	—
State		2,008		956		21		78
Foreign		271		—		—		—
Total current income tax expense	\$	11,502	\$	5,164	\$	21	\$	78
Deferred income tax (benefit) expense:								
Federal		(9,061)		(2,887)		—		—
State		(1,437)		(252)		—		—
Foreign		(3)		—		—		—
Total deferred income tax benefit		(10,501)		(3,139)		—		—
Total income tax expense	\$	1,001	\$	2,025	\$	21	\$	78

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income (loss) before the provision for income taxes. The sources and tax effects of the differences are as follows:

	SUCCESSOR						INTERMEDIATE SUCCESSOR	
	Year Ended December 31,				October 9, 2020 through		January 1, 2020 through	
	2022		2021		December 31, 2020		October 8, 2020	
Income tax (benefit) provision at the federal statutory rate of 21%	21.00%	\$ (1,390)	21.00%	\$ 12,289	21.00%	\$ (1,742)	21.00%	\$ (3,319)
State income tax expense, net of federal benefit	(15.44)%	1,022	0.75%	442	(0.25)%	21	(0.49)%	78
Income (loss) attributable to non-controlling interests	(11.71)%	775	(19.00)%	(11,117)	(21.00)%	1,742	(21.00)%	3,319
Undistributed earnings of subsidiaries	(8.76)%	580	—%	—	—%	—	—%	—
Equity-based compensation	(6.09)%	403	—%	—	—%	—	—%	—
Change in valuation allowance	(5.86)%	388	0.54%	315	—%	—	—%	—
Foreign tax rate differential	(1.04)%	69	(0.10)%	(59)	—%	—	—%	—
Permanent differences, net	0.85%	(56)	0.34%	201	—%	—	—%	—
Other adjustments	1.56%	(103)	(0.09)%	(46)	—%	—	—%	—
Change in tax rates	10.38%	(687)	—%	—	—%	—	—%	—
Total income tax expense	(15.11)%	\$ 1,001	3.44%	\$ 2,025	(0.25)%	\$ 21	(0.49)%	\$ 78

The Company's effective income tax rates for the Successor years ended December 31, 2022 and 2021 were (15.11)% and 3.44%, respectively. The Company's effective income tax rates for the Successor period from October 9, 2020 through December 31, 2020 and the Intermediate Successor period from January 1, 2020 through October 8, 2020 were (0.25)% and (0.49)%, respectively. The decrease in the amount of income tax expense from the Successor years ended December 31, 2022 and 2021 is primarily due to the decrease in pre-tax income, the increase in income attributable to non-controlling interests, the decrease for the change in tax rates, the increases for undistributed earnings of subsidiaries, state taxes and equity-based compensation. The significant increase in both the amount of income tax expense and the Company's effective income tax rate the year ended December 31, 2021 from the Successor period from October 9, 2020 through December 31, 2020 and the Intermediate Successor period from January 1, 2020 through October 8, 2020 is primarily due to the Reorganization Transactions. For the periods in 2020, the Company was only subject to certain LLC state entity-level taxes, whereas in 2021 and 2022 the Company was also subject to U.S. federal, state and local income taxes on its allocable share of any taxable income or loss generated by Holdings subsequent to the Reorganization Transactions.

**Deferred Tax Assets and Liabilities**

Significant components of the Company's net non-current deferred tax assets and liabilities are as follows:

	December 31, 2022	December 31, 2021
<b>Deferred tax assets:</b>		
Investment in partnership	\$ 27,212	\$ 26,707
Net operating losses	590	1,876
Other	1,623	418
<b>Total deferred tax assets</b>	<b>29,425</b>	<b>29,001</b>
Valuation allowance	(26,892)	(26,504)
<b>Net deferred tax assets</b>	<b>\$ 2,533</b>	<b>\$ 2,497</b>
<b>Deferred tax liabilities:</b>		
Investment in partnership	(70,504)	(76,529)
Intangible assets	(13,787)	(15,803)
Property and equipment	(406)	(257)
Inventory	—	(1,152)
Other	(457)	—
<b>Total deferred tax liabilities</b>	<b>(85,154)</b>	<b>(93,741)</b>
<b>Net deferred tax liabilities</b>	<b>\$ (82,621)</b>	<b>\$ (91,244)</b>

As of December 31, 2022, the Company has no federal net operating losses ("NOLs") and has state NOLs of \$5.0 million. The state NOLs will begin to expire in 2038. As of December 31, 2022, the Company has foreign NOLs of \$0.9 million, which have an indefinite carryforward period.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. The acquisition of Chubbies, Inc. resulted in a change of ownership under Section 382 for federal and state income tax purposes. Section 382 provides limitation on the utilization of NOL carryforwards after an ownership change, and the Company has analyzed the potential Section 382 impacts on our NOL carryforwards in the event of a Section 382 ownership change. The Company has determined that its fair market value and net unrealized built-in gain position resulted in a significant increase in its Section 382 limitation, whereby the limitation would allow for all of the NOLs to be utilized before they expire. Furthermore, the Company's ability to utilize NOLs of companies that it acquires in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions of the use of NOLs or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities.

As described in Note 1, Organization and Description of Business, in connection with the IPO and Reorganization Transactions, the organizational structure was converted to an umbrella partnership C-Corporation with Solo Brands, Inc. having a controlling equity interest in Holdings. The Company recorded a gross deferred tax liability of \$49.8 million for the difference between the financial reporting basis and tax basis of this investment. The Company recorded a valuation allowance of \$26.2 million at the IPO date, the portion of the basis difference that will only reverse upon the sale of the Company's interest in Holdings.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences are deductible. Management considers the scheduled reversal of deferred tax liabilities (including the effect in available carryback and carryforward periods), projected taxable income, and tax-planning strategies in this assessment. In order to fully realize the deferred tax asset, the Company has considered the reversal of its deferred tax liabilities. On the basis of this evaluation, the Company recorded valuation allowances of \$26.9 million and \$26.5 million as of December 31, 2022 and December 31, 2021, respectively, for a net increase of \$0.4 million. The Company had no valuation allowance as of December 31, 2020.

Solo Brands, Inc. was formed in June 2021 and did not engage in any operations prior to the Reorganization Transactions. The statute of limitations remains open for tax years beginning in 2021 for Solo Brands, Inc. Additionally, although Holdings is treated as a partnership for U.S. federal and state income tax purposes, it is still required to file an annual U.S. Return of Partnership Income, which is subject to examination by the Internal Revenue Service ("IRS"). The statute of limitations remains open for tax years beginning in 2020 for Holdings.

Pursuant to its election under Section 754 of the Internal Revenue Code (the "Code"), the Company expects to obtain an increase in its share of the tax basis in the net assets of Holdings when LLC Interests are redeemed or exchanged by the non-controlling interest holders and other qualifying transactions. The Company plans to make an election under Section 754 of the Code for each taxable year in which a redemption or exchange of LLC Interests occurs. The Company intends to treat any redemptions and exchanges of LLC Interests by the non-controlling interest holders as direct purchases of LLC Interests for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that the Company would

otherwise pay in the future to various tax authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

On October 27, 2021, the Company entered into a tax receivable agreement with the then-existing non-controlling interest holders (the "Tax Receivable Agreement") that provides for the payment by the Company to the non-controlling interest holders of 85% of the amount of any tax benefits that the Company actually realizes, or in some cases is deemed to realize, as a result of (i) increases in its share of the tax basis in the net assets of Holdings resulting from any redemptions or exchanges of LLC Interests, (ii) tax basis increases attributable to payments made under the Tax Receivable Agreement, and (iii) deductions attributable to imputed interest pursuant to the Tax Receivable Agreement (the "TRA Payments"). The Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. The TRA payments are not conditioned upon any continued ownership interest in Holdings or the Company. The rights of each non-controlling interest holder under the Tax Receivable Agreement are assignable to transferees of its LLC Interests.

During the year ended December 31, 2022, there were no redemptions of LLC Interests that would have resulted in an increase in the tax basis of the Company's investment in Holdings subject to the provisions of the Tax Receivable Agreement. During the year ended December 31, 2022, inclusive of interest, no payments were made to the members of Holdings pursuant to the Tax Receivable Agreement. As of December 31, 2022, there were no payments due under the Tax Receivable Agreement.

#### NOTE 14 – Commitments and Contingencies

##### Contingencies

From time to time, the Company is involved in various legal proceedings that arise in the normal course of business. While the Company intends to prosecute and defend any lawsuit vigorously, the Company presently believes that the ultimate outcome of any currently pending legal proceeding will not have any material adverse effect on its financial position, cash flows, or results of operations. However, litigation is subject to inherent uncertainties and unfavorable rulings could occur. An unfavorable ruling could include monetary damages, which could impact the Company's business and the results of operations for the period in which the ruling occurs or future periods. Based on the information available, the Company evaluates the likelihood of potential outcomes. The Company records the appropriate liability when the amount is deemed probable and reasonably estimable. In addition, the Company does not accrue for estimated legal fees and other directly related costs as they are expensed as incurred. The Company is not currently a party to any pending litigation that it considers material. Therefore, the consolidated balance sheets do not include a liability for any potential obligations as of December 31, 2022 and December 31, 2021.

##### Purchase Commitments

The Company has no non-cancelable purchase contracts for operating expenditures as of December 31, 2022. The Company had entered into non-cancelable purchase contracts for operating expenditures, primarily inventory purchases, for \$14.8 million as of December 31, 2021.

#### NOTE 15 – Fair Value Measurements

The Company has established a fair value hierarchy which prioritizes the inputs to the valuation techniques used to measure fair value into three levels. These levels are determined based on the lowest level input that is significant to the fair value measurement. Levels within the hierarchy are defined within Note 2, Significant Accounting Policies.

The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis:

December 31, 2022	Total Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term debt, net	\$ 108,383	\$ —	\$ 108,383	\$ —
December 31, 2021	Total Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term debt, net	\$ 128,148	\$ —	\$ 128,148	\$ —

During the second quarter of 2022, the Company recorded impairment charges of \$27.9 million and \$2.7 million for goodwill and trademark intangible assets, respectively. Indicators of value from income and market approaches, where comparable market data is available, were the basis for the determination of the fair values, which include Level 3 inputs. See Note 7, Intangible Assets, net, and Note 8, Goodwill, for additional discussions of the Company's impairment analyses. There were no other nonrecurring fair value measurements during the years ended December 31, 2022 and 2021.



**NOTE 16 – Equity**

***Class A Common Stock***

The Company has 475,000,000 shares of Class A common stock, par value \$0.001 per share, authorized. Holders of Class A common stock are entitled to one vote per share on all matters presented to the stockholders generally. In the event of liquidation, dissolution or winding up, each holder of Class A common stock will be entitled to a pro rata distribution of any assets available for distribution to common stockholders.

***Class B Common Stock***

The Company has 50,000,000 shares of Class B common stock, par value \$0.001 per share, authorized. Shares of Class B common stock will only be issued in the future to the extent necessary to maintain a one-to-one ratio between the number of LLC Interests held by the Continuing LLC Owners and the number of shares of Class B common stock issued to the Continuing LLC Owners. Shares of Class B common stock are transferable only together with an equal number of LLC Interests. Shares of Class B common stock will be cancelled on a one-for-one basis if the Company, at the election of the Continuing LLC Owners, redeem or exchange their LLC Interests pursuant to the terms of the Holdings LLC Agreement. Holders of Class B common stock are entitled to one vote per share on all matters presented to the stockholders generally. In the event of liquidation, dissolution or winding up, holders of Class B common stock shall be entitled to receive \$0.001 per share and will not be entitled to receive any distribution of the Company's assets.

***Class A Units***

Pursuant to the 2020 Agreement, Holdings has authorized 250,000,000 Class A units for issuance at a price of \$1 per unit. For so long as any of the Class A units remain outstanding, the Class A units will rank senior to the Class B units discussed below. Holders of Class A units are entitled to one vote per share on all matters to be voted upon by the members. When and if distributions are declared by the Company's Board, holders of Class A units are entitled to ratably receive distributions until the aggregate unreturned capital with respect to each holder's Class A units has been reduced to zero. Upon dissolution, liquidation, distribution of assets, or other winding up, the holders of Class A units are entitled to receive ratably the assets available for distribution after payment of liabilities and before the holders of Class B units and incentive units (see Note 12).

***Class B Units***

Pursuant to the 2020 Agreement, Holdings has authorized 175,000,000 Class B units for issuance at a price of \$1 per unit. Holders of Class B units are entitled to one vote per share on all matters to be voted upon by the members. Holders of Class A units and Class B units generally vote together as a single class on all matters presented to the Company's members for their vote or approval. When and if distributions are declared by the Company's Board, holders of Class B units are entitled to ratably receive distributions until the aggregate unreturned capital with respect to each holder's Class B units has been reduced to zero. Upon dissolution, liquidation, distribution of assets, or other winding up, the holders of Class B units are entitled to receive ratably the assets available for distribution after payment of liabilities and Class A unitholders and before the holders of incentive units.

Pursuant to the 2020 Agreement, the Company's Board may authorize Holdings to create and/or issue additional equity securities, provided that the number of additional authorized incentive units do not exceed 10% of the outstanding Class A and Class B units without the prior written consent of the majority investors. Upon issuance of additional equity securities, all unitholders shall be diluted with respect to such issuance, subject to differences in rights and preferences of different classes, groups, and series of equity securities, and the Company's Board shall have the power to amend the schedule of unitholders to reflect such additional issuances and dilution.

As part of the 2020 Agreement, certain members of management, in lieu of a cash transaction bonus, elected to receive Class B units which had a fair value of \$4.7 million.

**NOTE 17 – Net Income (Loss) Per Share**

The Company analyzed the calculation of net loss per unit for the periods prior to the Reorganization Transactions and determined that it resulted in values that would not be meaningful to the users of these consolidated financial statements. Therefore, net loss per unit information has not been presented for the Successor period from October 9, 2020 through December 31, 2020 or the Intermediate Successor period from January 1, 2020 through October 8, 2020.

Basic net income (loss) per share of Class A common stock is computed by dividing net income (loss) attributable to Solo Brands, Inc. by the weighted average number of shares of Class A common stock outstanding during the period. Diluted net income (loss) per share of Class A common stock is computed by dividing net income (loss) attributable to Solo Brands, Inc. by the weighted average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

The following table sets forth the calculation of the basic and diluted net income (loss) per share for the periods following the Reorganization Transactions for our Class A common stock (in thousands, except per share data):

	<b>SUCCESSOR</b>	
	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Net income (loss)	\$ (7,620)	\$ 56,495
Net income (loss) earned by controlling members prior to the Reorganization Transactions	—	37,963
Net income (loss) attributable to non-controlling interests	(2,675)	7,841
Net income (loss) attributable to Solo Brands, Inc.	\$ (4,945)	\$ 10,691
<b>Numerator:</b>		
Net income (loss) attributable to Class A common shareholders - basic and diluted	\$ (4,945)	\$ 10,691
<b>Denominator:</b>		
Weighted average shares of Class A common stock outstanding - basic and diluted	63,462	63,011
Income (loss) per share of Class A common stock outstanding - basic and diluted	\$ (0.08)	\$ 0.17

During the years ended December 31, 2022 and 2021, 0.7 million and 0.3 million options, respectively, and 1.8 million and 0.7 million restricted stock units, respectively, were not included in the computation of diluted net income (loss) per share because their effect would have been anti-dilutive. The Company has determined that the shares of Class B common stock will in all cases neither be dilutive nor anti-dilutive and has excluded them from the calculation of net income (loss) per Class A common stock for all periods presented.

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

None.

#### **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 principal executive officer 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 principal executive officer and principal financial officer concluded that, as of December 31, 2022, our disclosure controls and procedures were effective at the reasonable assurance level.

##### **Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022. In making this assessment, management used the criteria set forth by Committee of Sponsoring Organizations of the Treadway Commission in the Internal Control - Integrated Framework (2013). Based on that assessment, management concluded that as of December 31, 2022, the Company's internal control over financial reporting was effective.

This Annual Report on Form 10-K does not include an attestation report of our independent registered accounting firm on management's assessment regarding internal control over financial reporting due to the exemption from such requirements established by rules of the SEC for emerging growth 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 fourth quarter of the fiscal year ended December 31, 2022 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 following table provides information regarding our executive officers and members of our board of directors (as of the date of this Annual Report on Form 10-K):

Name	Age	Position(s)
<b>Executive Officers</b>		
John Merris	40	President, Chief Executive Officer and Director
Somer Webb	44	Chief Financial Officer
Kent Christensen	43	General Counsel
<b>Non-Employee Directors</b>		
Matthew Guy-Hamilton	39	Director
Paul Furer	37	Director
Andrea K. Tarbox	72	Director
Julia M. Brown	53	Director
Marc Randolph	64	Director
Michael C. Dennison	55	Director
David Powers	56	Director

**Executive Officers**

*John Merris.* Mr. Merris has served as our President and Chief Executive Officer since October 2018 and a member of our board of directors since March 2021. Prior to his time with the Company, Mr. Merris served as Chief Revenue Officer and Director of Clarus Glassboards LLC, a manufacturer of glass writing surfaces, from October 2015 to October 2018, and Vice President of Multiview, a business to business media company, from August 2012 to October 2015. Mr. Merris also serves on the board of directors of Fostering Hearts, a non-profit corporation. In 2020, Mr. Merris was recognized as the EY Entrepreneur of the Year Regional Winner. Mr. Merris holds a B.A. in Political Science and Business from Brigham Young University and a M.B.A. from University of Texas at Austin. We believe Mr. Merris is qualified to serve on our board of directors due to his extensive knowledge and understanding of our business, operations, and global supply chain management.

*Somer Webb.* Ms. Webb has served as our Chief Financial Officer since May 2022. Prior to her time with the Company, Ms. Webb served as Chief Financial Officer at Kent Outdoors, a sporting goods manufacturer, from February 2022 until April 2022. Prior to her time at Kent Outdoors, Ms. Webb served as Chief Financial Officer at Worldwide Express, a full-time, non-asset-based logistics provider (“Worldwide”), from February 2019 to January 2022, and as Senior Vice President of Finance at Worldwide, from May 2016 until January 2019. Prior to her time at Worldwide, Ms. Webb held leadership roles at multiple Fortune 500 companies, including Southwest Airlines, DaVita, Amazon and Yum Brands. Ms. Webb holds a BBA in Management Information Systems from Baylor University and an MBA from The University of Texas at Arlington.

*Kent Christensen.* Mr. Christensen has served as our General Counsel since March 2021. Prior to his time with the Company, Mr. Christensen was an attorney at Call & Jensen APC, a law firm, from 2009 to 2021. Mr. Christensen holds a B.A. in International Studies from Brigham Young University and a J.D. from University of Arizona James E. Rogers College of Law, where he graduated *summa cum laude*.

**Non-Employee Directors**

*Matthew Guy-Hamilton.* Mr. Guy-Hamilton has served as a member of our board of directors since October 2020. Mr. Guy-Hamilton is a Managing Director of Summit Partners L.P., a private equity investment company. Mr. Guy-Hamilton joined Summit in 2005, oversees several Summit portfolio companies, and serves as co-head of the Financial Services and Technology Group. Mr. Guy-Hamilton graduated *summa cum laude*, with a B.A. in Economics, from Colby College. We believe Mr. Guy-Hamilton is qualified to serve on our board of directors due to knowledge of finance, general management, and industry knowledge.

*Paul Furer.* Mr. Furer has served as a member of our board of directors since October 2020. Mr. Furer is a Principal at Summit Partners L.P. Mr. Furer joined Summit in 2011 and oversees several Summit portfolio companies in the consumer, financial and business services industries. Prior to that, Mr. Furer was an Analyst at Jefferies & Company, from April 2010 to June 2011, and at Bank of America Merrill Lynch, from June 2008 to April 2010. Mr. Furer holds a B.S. in Finance from Indiana University, Kelley School of Business and a M.B.A. from Columbia Business School. We believe Mr. Furer is qualified to serve on our board of directors due to his knowledge of strategy, finance and management.

*Andrea K. Tarbox.* Ms. Tarbox has been a member of our board of directors since August 2021. Previously, Ms. Tarbox served as CFO and a member of the board of directors for Live Oak Acquisition Corp. II, a special purpose acquisition company (NYSE: LOKB), from December 2020 until October 2021 and as CFO and a member of the board of directors of Live Oak Acquisition Corp. (NYSE: LOAK), a special purpose acquisition company, from May 2020 until December 2020. Prior to that, Ms. Tarbox served as Chief Financial Officer and Vice President of KapStone Paper & Packaging (formerly NYSE: KS), from 2007 until 2018. Previously, Ms. Tarbox held positions at various companies, including Uniscribe Professional Services, Inc., a provider of paper- and technology-based document management solutions, Gartner Inc., a research and advisory company, British Petroleum, p.l.c., (NYSE:BP) and Fortune Brands, Inc., a holding company with diversified product lines. Ms. Tarbox earned a B.A. degree in Psychology from Connecticut College and an M.B.A. from the University of Rhode Island. We believe Ms. Tarbox is well-qualified to serve on our board due to her extensive accounting and financial experience, operational background, and her significant experience in acquiring and integrating companies.

*Julia M. Brown.* Ms. Brown has been a member of our board of directors since August 2021. Ms. Brown served as the Chief Procurement Officer of Mars Wrigley, a division of Mars Incorporated from November 2020 until March 2021. Ms. Brown served as the Chief Procurement Officer for Carnival Corporation & Plc, a travel and hospitality company, from April 2015 to August 2021. Prior to Ms. Brown's position at Carnival, she served as Chief Procurement Officer for Kraft Foods and Mondelez International (post split) a consumer products company, from December 2008 to March 2015. Ms. Brown currently serves on the board of directors of Molson Coors Beverage Company (NYSE: TAP), a Canadian drink and brewing company and Shutterfly LLC, an American photography, photography products, and image sharing company. She also serves on non-profit boards including the Board of Trustees of the Chartered Institute of Purchasing and Supply, an organization for the procurement and supply management profession based in the UK and was recently appointed to the board of the Perez Art Museum in Miami. Ms. Brown graduated with Honors, with a Bachelor of Commerce from McMaster University. We believe Ms. Brown is qualified to serve on our board of directors due to her extensive business experience and operational background, and her significant experience in serving on the boards of public and private companies.

*Marc Randolph.* Mr. Randolph has been a member of our board of directors since August 2021. Since October 2003, Mr. Randolph has served as the Chief Executive Officer of PodiumCraft Inc., a consulting company that mentors early stage founders and executive teams. Prior to that, he served as the co-founder, director, and served in a sequence of executive level positions at Netflix Inc., a movie and television streaming service, from February 1997 to September 2003. Mr. Randolph also currently serves on the board of directors of several private companies. Mr. Randolph graduated with a B.A. in Geology from Hamilton College. We believe Mr. Randolph is qualified to serve on our board of directors due to his extensive business experience, knowledge of strategy, finance and management.

*Michael C. Dennison.* Mr. Dennison has been a member of our board of directors since May 2022 and our Lead Independent Director since February 2023. Mr. Dennison is the Chief Executive Officer of Fox Factory Holding Corp. ("Fox") and has served in this position since June 2019 and as a director of Fox since February 2018. Mr. Dennison initially joined Fox in August 2018 as President, Powered Vehicles Group. Prior to joining Fox, Mr. Dennison was most recently President and Chief Marketing Officer for Flex Ltd. ("Flex") from February 2012 to August 2018. While at Flex, Mr. Dennison served in a number of other leadership roles, from leading the procurement and global supply chain organizations for the company, to serving as Senior Vice President of Business Management for both the High-Velocity Solutions group and the Mobile and Consumer Segment. Prior to joining Flex, he was the Regional Director at Arrow Electronics, based in New York. Mr. Dennison earned a Bachelor of Arts degree in liberal arts from Oregon State University in 1989. We believe Mr. Dennison is qualified to serve on our board of directors due to his extensive business experience and knowledge and current experience as a public company chief executive officer.

*David Powers.* Mr. Powers has been a member of our board of directors since May 2022. Mr. Powers currently is the President and Chief Executive Officer of Deckers Outdoor Corporation, a global footwear and apparel company ("Deckers"), and has served in this position since 2016. Mr. Powers joined Deckers in 2012 and served in various roles with Deckers until being named President and Chief Executive Officer in 2016. Prior to joining Deckers, he held executive leadership roles at Converse, including four years as Vice President of Global Direct-to-Consumer where he successfully guided the expansion of the brand globally, and Timberland, where he led worldwide retail merchandising, marketing, visual and store design, as well as the creation of a sustainable line of footwear and apparel. Mr. Powers earned a B.S. in Marketing from Northeastern University. We believe Mr. Powers is qualified to serve on our board of directors due to his extensive experience in and knowledge of the consumer goods industry and his current experience as a public company chief executive officer.

#### **Code of Conduct**

Our board of directors has adopted a written Code of Business Conduct and Ethics that applies to all of our directors, executive officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of our Code of Business Conduct and Ethics is posted under "Governance" on the Investor Relations section of our website, [www.solobrand.com](http://www.solobrand.com). To the extent required by applicable rules adopted by the SEC and the NYSE, we intend to disclose future amendments to certain provisions of the code, or waivers of such provisions granted to executive officers and directors, in this location on our website at [www.solobrand.com](http://www.solobrand.com).

The remaining information required by this item will be included in our definitive proxy statement for our 2023 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 in our definitive proxy statement for our 2023 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**

**Securities Authorized for Issuance Under Equity Compensation Plans (as of December 31, 2022)**

Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights <sup>(4)</sup>	Number of Securities Available for Future Issuance Under Equity Compensation Plans (excludes securities reflected in first column) <sup>(5)</sup>
Equity compensation plans approved by security holders <sup>(1)</sup>	4,959,387 <sup>(2)</sup>	\$8.29	6,154,265 <sup>(3)</sup>
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>4,959,387</b>	<b>\$8.29</b>	<b>6,154,265</b>

<sup>(1)</sup> Consists of the 2021 Incentive Plan and the 2021 ESPP.

<sup>(2)</sup> Consists of 687,125 outstanding stock options and 4,272,262 outstanding incentive units, restricted stock units (“RSUs”) and performance stock units (“PSUs”) under the 2021 Plan.

<sup>(3)</sup> Consists of 4,654,208 outstanding shares of Class A common stock available for issuance as, but not limited to, options, RSUs and PSUs under the 2021 Incentive Plan.

<sup>(4)</sup> The weighted-average exercise price of outstanding options does not include outstanding incentive units, RSUs, PSUs or shares purchased under the 2021 ESPP.

<sup>(5)</sup> The 2021 Incentive Plan provides for an annual increase on the first day of each calendar year beginning January 1, 2023 and ending on and including January 1, 2031, equal to the lesser of (A) 5% of the aggregate number of shares of Class A common stock outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of shares of Class A common stock as is determined by our Board of Directors. The 2021 ESPP provides for an annual increase on the first day of each calendar year beginning on January 1, 2023 and ending on and including January 1, 2031, equal to the least of (a) 0.5% of the shares of Class A common stock outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares of Class A common stock as determined by the Board of Directors.

The remaining information required by this item will be included in our definitive proxy statement for our 2023 Annual Meeting of Stockholders, and such 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 in our definitive proxy statement for our 2023 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 in our definitive proxy statement for our 2023 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements

The financial statements required by this item are listed in Item 8, “Financial Statements and Supplementary Data” herein.

1. Financial statements	Page Number
Report of Independent Registered Public Accounting Firm	44
Consolidated Balance Sheets	45
Consolidated Statements of Operations and Comprehensive Income (Loss)	46
Consolidated Statements of Cash Flows	47
Consolidated Statements of Equity	49

(a)(2) Financial Statement Schedules

None

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

(a)(3) Exhibits

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

3. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed / Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Solo Brands, Inc.</a>	S-8	333-260826	4.1	11/5/2021	
3.2	<a href="#">Amended and Restated Bylaws of Solo Brands, Inc.</a>	S-8	333-260826	4.2	11/5/2021	
4.1	<a href="#">Specimen Stock Certificate evidencing the shares of Class A Common Stock</a>	S-1/A	333-260026	4.1	10/25/2021	
4.2	<a href="#">Stockholders Agreement</a>	10-Q	001-40979	4.2	12/9/2021	
4.3	<a href="#">Registration Rights Agreement</a>	10-Q	001-40979	4.3	12/9/2021	
4.4	<a href="#">Description of Securities</a>	10-K	001-40979	4.4	3/30/2022	
10.1	<a href="#">Tax Receivable Agreement</a>	10-Q	001-40979	10.1	12/9/2021	
10.2	<a href="#">Amended and Restated Limited Liability Company Agreement of Solo Stove Holdings, LLC</a>	10-Q	001-40979	10.2	12/9/2021	
10.3+	<a href="#">Credit Agreement, dated as of May 12, 2021, among Solo DTC Brands, LLC (f/k/a Frontline Advance LLC), Solo Stove Intermediate, LLC, JPMorgan Chase Bank, N.A., as Lead Arranger, L/C Issuer, Lender, Administrative Agent and Collateral Agent, and the Lenders and L/C Issuers party thereto.</a>	S-1	333-260026	10.5	10/4/2021	
10.4	<a href="#">Amendment No. 1, dated as of June 2, 2021, to Credit Agreement, dated as of May 12, 2021, among Solo DTC Brands, LLC (f/k/a Frontline Advance LLC), JPMorgan Chase Bank, N.A., as Lead Arranger, L/C Issuer, Lender, Administrative Agent and Collateral Agent, and the Lenders and L/C Issuers party thereto</a>	S-1	333-260026	10.6	10/4/2021	
10.5	<a href="#">Amendment No. 2, dated as of September 1, 2021, to Credit Agreement, dated as of May 12, 2021, among Solo DTC Brands, LLC (f/k/a Frontline Advance LLC), JPMorgan Chase Bank, N.A., as Lead Arranger, L/C Issuer, Lender, Administrative Agent and Collateral Agent, and the Lenders and L/C Issuers party thereto</a>	S-1	333-260026	10.7	10/4/2021	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed / Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.6#	<a href="#">Form of Indemnification Agreement by and between Solo Brands, Inc. and its directors and executive officers</a>	S-1/A	333-260026	10.9	10/25/2021	
10.7	<a href="#">Form of Solo Stove Holdings, LLC and SS Management Aggregator, LLC Incentive Equity Agreement</a>	S-1/A	333-260026	10.10	10/25/2021	
10.8	<a href="#">Form of Amendment to Solo Stove Holdings, LLC and SS Management Aggregator, LLC Incentive Equity Agreement</a>	S-1/A	333-260026	10.11	10/25/2021	
10.9#	<a href="#">Solo Brands, Inc. 2021 Incentive Award Plan</a>	S-1/A	333-260026	10.12	10/25/2021	
10.10#	<a href="#">Form of Stock Option Agreement under the Solo Brands, Inc. 2021 Incentive Award Plan</a>	S-1/A	333-260026	10.13	10/25/2021	
10.11#	<a href="#">Form of Restricted Stock Unit Agreement under the Solo Brands, Inc. 2021 Incentive Award Plan</a>	S-1/A	333-260026	10.14	10/25/2021	
10.12#	<a href="#">Form of Restricted Stock Agreement under the Solo Brands, Inc. 2021 Incentive Award Plan</a>	S-1/A	333-260026	10.15	10/25/2021	
10.13#	<a href="#">Form of Performance Stock Unit Award under the Solo Brands, Inc. 2021 Incentive Award Plan</a>	10-Q	001-40979	10.1	11/10/2022	
10.14#	<a href="#">Form of Restricted Stock Unit Agreement (Non-Employee Director) under the Solo Brands, Inc. 2021 Incentive Award Plan</a>	S-1/A	333-260026	10.16	10/25/2021	
10.15#	<a href="#">Solo Brands, Inc. 2021 Employee Stock Purchase Plan</a>	S-1/A	333-260026	10.17	10/25/2021	
10.16#+	<a href="#">Employee Agreement, dated as of October 9, 2020, by and between Solo DTC Brands, LLC and John Merris</a>	S-1	333-260026	10.17	10/4/2021	
10.17#+	<a href="#">Employee Agreement, dated as of October 9, 2020, by and between Solo DTC Brands, LLC and Matt Webb</a>	S-1	333-260026	10.18	10/4/2021	
10.18#+	<a href="#">Employee Agreement, dated as of October 9, 2020, by and between Solo DTC Brands, LLC and Clint Mickle</a>	S-1	333-260026	10.19	10/4/2021	
10.19#+	<a href="#">Employee Agreement, dated as of October 9, 2020, by and between Solo DTC Brands, LLC and Samuel Simmons</a>	S-1	333-260026	10.20	10/4/2021	
10.20#+	<a href="#">Separation and Release of Claims Agreement, dated May 20, 2022, by and between Solo Brands, LLC and Samuel Simmons</a>	10-Q	001-40979	10.2	8/11/2022	
10.21#+	<a href="#">Employment Agreement, dated as of May 9, 2022, by and between Solo Brands, Inc., Solo Brands, LLC and Somer Webb</a>	8-K	001-40979	10.1	5/12/2022	
10.22#+	<a href="#">Employee Agreement, dated as of October 9, 2020, by and between Solo DTC Brands, LLC and Kent Christensen</a>	S-1	333-260026	10.21	10/25/2021	
10.23#+	<a href="#">Employment Agreement, dated as of September 1, 2021, by and between Solo DTC Brands, LLC and Kyle Hency</a>	S-1/A	333-260026	10.22	10/25/2021	
10.24#+	<a href="#">Employment Agreement, dated as of September 1, 2021, by and between Solo DTC Brands, LLC and Thomas Montgomery</a>	S-1/A	333-260026	10.23	10/25/2021	
10.25#+	<a href="#">Employment Agreement, dated as of September 1, 2021, by and between Solo DTC Brands, LLC and William Rainer Castillo</a>	S-1/A	333-260026	10.24	10/25/2021	
10.26#+	<a href="#">Board Letter, dated as of October 1, 2021, by and between Solo Brands and Andrea Tarbox</a>	S-1/A	333-260026	10.25	10/25/2021	
10.27#+	<a href="#">Board Letter, dated as of October 1, 2021, by and between Solo Brands and Julia Brown</a>	S-1/A	333-260026	10.26	10/25/2021	
10.28#+	<a href="#">Board Letter, dated as of October 1, 2021, by and between Solo Brands and Marc Randolph</a>	S-1/A	333-260026	10.27	10/25/2021	
10.29#+	<a href="#">Non-Employee Director Compensation Policy</a>	10-Q	001-40979	10.3	8/11/2022	
10.30#	<a href="#">Separation and Release of Claims Agreement, dated May 20, 2022, by and between Solo Brands, LLC and Samuel Simmons</a>	10-Q	001-40979	10.2	8/11/2022	
21.1	<a href="#">List of subsidiaries of Solo Brands, Inc.</a>					*
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm</a>					*
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).</a>					*
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).</a>					*



Exhibit Number	Exhibit Description	Incorporated by Reference				Filed / Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.</a>					**
32.2	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.</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 as Inline XBRL and contained in Exhibit 101)					*

All other exhibits for which provision is made in the applicable regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

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

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

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the date set forth below.

Solo Brands, Inc.

Date: March 9, 2023

By: /s/ John Merris  
John Merris  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: March 9, 2023

By: /s/ Somer Webb  
Somer Webb  
Chief Financial Officer  
(Principal Financial Officer)

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

<b>Name</b>	<b>Title</b>	<b>Date</b>
<u>/s/ John Merris</u> <b>John Merris</b>	President, Chief Executive Officer and Director <i>(principal executive officer)</i>	March 9, 2023
<u>/s/ Somer Webb</u> <b>Somer Webb</b>	Chief Financial Officer <i>(principal financial and accounting officer)</i>	March 9, 2023
<u>/s/ Matthew Guy-Hamilton</u> <b>Matthew Guy Hamilton</b>	Director	March 9, 2023
<u>/s/ Paul Furer</u> <b>Paul Furer</b>	Director	March 9, 2023
<u>/s/ Andrea K. Tarbox</u> <b>Andrea K. Tarbox</b>	Director	March 9, 2023
<u>/s/ Julia M. Brown</u> <b>Julia M. Brown</b>	Director	March 9, 2023
<u>/s/ Marc Randolph</u> <b>Marc Randolph</b>	Director	March 9, 2023
<u>/s/ Michael C. Dennison</u> <b>Michael C. Dennison</b>	Director	March 9, 2023
<u>/s/ David Powers</u> <b>David Powers</b>	Director	March 9, 2023

**SOLO BRANDS, INC.**  
**SUBSIDIARIES OF THE REGISTRANT**

<b>Subsidiary</b>	<b>Jurisdiction</b>
SP SS Blocker Parent, LLC	Delaware
Solo Stove Holdings, LLC	Delaware
Solo Stove Intermediate, LLC	Delaware
Solo Brands, LLC	Texas
International Surf Ventures, LLC	Delaware
Soto Buyer, Inc.	Delaware
Soto Merger Sub, Inc.	Delaware
Chubbies, Inc.	Delaware
Oru Parent, LLC	Delaware
Oru Holdco, LLC	Delaware
Oru Kayak, Inc.	California
Solo Brands Australia PTY L.T.D.	Australia
Solo Brands Canada, L.T.D.	Canada
Solo Brands Europe, B.V.	Netherlands

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the following Registration Statements:

1. Amendment No. 2 to the Registration Statement (Form S-1 No. 333-260026) of Solo Brands, Inc.
2. Registration Statement (Form S-8 No. 333-260826) pertaining to the 2021 Incentive Award Plan and 2021 Employee Stock Purchase Plan of Solo Brands, Inc.

of our report dated March 9, 2023, with respect to the consolidated financial statements of Solo Brands, Inc. included in this Annual Report (Form 10-K) of Solo Brands, Inc. for the year ended December 31, 2022.

/s/ Ernst & Young LLP

Dallas, Texas  
March 9, 2023

## CERTIFICATION

I, John Merris, certify that:

1. I have reviewed this Annual Report on Form 10-K of Solo Brands, 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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying 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 9, 2023

By: \_\_\_\_\_  
/s/ John Merris  
John Merris  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION

I, Somer Webb, certify that:

1. I have reviewed this Annual Report on Form 10-K of Solo Brands, 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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying 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 9, 2023

By: \_\_\_\_\_

/s/ Somer Webb

Somer Webb  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Solo Brands, Inc. (the "Company") for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 9, 2023

By: \_\_\_\_\_ /s/ John Merris  
John Merris  
Chief Executive Officer  
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**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 Solo Brands, Inc. (the "Company") for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of her knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 9, 2023

By: \_\_\_\_\_ /s/ Somer Webb  
Somer Webb  
Chief Financial Officer  
(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.