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, 2023
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ___________ to ___________

Commission File Number 001-40979

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. ☐

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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, 2023, was $158.3 million.

As of March 11, 2024, there were 58,106,957 shares of the registrant's Class A common stock, $0.001 par value per share, outstanding and 33,069,023 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 2024 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.

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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, cost mitigation strategy 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, 2023. 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.solobrands.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, X (formerly Twitter), Facebook, Instagram 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 brand related 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 Securities and Exchange Commission ("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) and on our website at https://investors.solobrands.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 and 2023, 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.
- *"Comprehensive income (loss) attributable to Solo Brands, Inc.," "Net income (loss) attributable to Solo Brands, Inc.," "net income (loss) per Class A common stock," "controlling interest"* and similar references refer to amounts attributable to Solo Brands, Inc.

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.
- Our historic growth rates may not be sustainable or indicative of future growth and we may not be able to effectively manage our growth.
- Our business could be harmed if we are unable to accurately forecast demand for our products or our results of operations.
- Our marketing strategy 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 positions.
- 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.
- 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, harm our results of operations and negatively impact our 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 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.
- 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.
- 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.
- Our results of operations are subject to seasonal and quarterly variations, which could cause the price of our common stock to decline.
- Our plans for continuing operations in international markets may not be successful.
- An adverse determination in any material product liability related claim against us could adversely affect our operating results or financial condition.
- Our business depends substantially on our ability to attract and retain experienced and qualified talent, including our senior management team.
- We may become involved in legal or regulatory proceedings and audits.
- Our adoption of environmental, social and governance ("ESG") initiatives and frameworks may impose additional costs and expose us to emerging areas of risk.
- The impacts of risks associated with international geopolitical conflicts, including continued tensions between Taiwan and China and the Russian invasion of Ukraine, on the global economy, energy supplies and raw materials are uncertain, but may prove to negatively impact our business and operations.

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 six premium outdoor brands: Solo Stove, Oru Kayak, Inc. ("Oru"), International Surf Ventures, Inc. ("ISLE"), Chubbies, Inc. ("Chubbies"), Sconberg, LLC ("TerraFlame") and IcyBreeze Cooling, LLC ("IcyBreeze"). 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. and acquisition of additional brands.

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 favorable 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

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, portable a/c coolers 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 share with 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. Utilizing our state-of-the-art research and development center at our headquarters, the product development team is able to ensure continued design, testing, and quality control while optimizing speed-to-market. 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 upgraded Oru's manufacturing operations in Mexico by moving to a newer and more sophisticated facility. Additionally, through the acquisition activity undertaken in 2023, we added manufacturing capabilities in Mexico for indoor fire features and outdoor fixtures.

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 2023 we continued to lean into expanding the cooking category by launching Pi Prime, an easy-to-use standalone durable stainless steel pizza oven with a lower entry price than our original pizza oven. We continue to see opportunity for expansion in the cooking category, have teamed with prominent influencers in the social media space and offer ingredients for one-time delivery or subscription.

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.

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.

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, fuel, and pellets.

Indoor Fire Products. Through our acquisition activity in 2023, we "brought the fire inside" with indoor fire products that allow our customers to enjoy the warmth and comfort of a fire year-round. Utilizing our proprietary fire burning gel and bioethanol, multi-hour burns with the familiar crackle and flame of a traditional wood fire can now be enjoyed anywhere.

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.

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.

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.

Portable Air Conditioning Cooler. Through our acquisition activity in 2023, we added the next level of consumer comfort to our already strong portfolio of products with the addition of portable air conditioning units. Easily transportable and able to be powered by multiple sources, including a long-lived battery, the portable air conditioner allows our customers to experience another level of comfort in the outdoors when the weather conditions do not favor a fire.

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. While our in-house marketing team remains the primary focus, we have leveraged the expertise and enhanced penetration available through external marketing agencies, which led to increased brand awareness from campaigns in 2023, such as Snoop Dogg and the Macy's Day Parade. 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 ("DTC"). We follow 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 2023, DTC sales accounted for 72.4% of Solo Brands sales. In 2023, 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. With continuous improvement of our existing websites and a shift to increasingly scalable platforms, enhancement of the customer experience is ever evolving in a positive direction. 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 seven Chubbies retail stores with plans to continue expanding, 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 willingness to 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. As an added benefit to our strategic retail partners, we provide the opportunity to leverage a variety of our products, including specialized items specific to certain of these partners, further demonstrating our desire to operate as a value adding partner. 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 composed of five reporting units, comprised of our six brands. The Chief Executive Officer ("CEO") is the chief operating decision maker of the Company and makes operating decisions, assesses financial performance, and allocates resources based upon discrete financial information at a consolidated level.

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 including the United States, India, Vietnam, Cambodia, 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 facilities in Mexicali, Mexico and Baja California, Mexico. The remaining portion of our products are shipped directly to one of our National Retail Partners or one of our distributors.

We manage inventory by analyzing product sell-through, forecasting demand, and working with our supply chain to ensure sufficient availability. 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 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. We believe our domestic capacity and the capacity of international providers is sufficient to meet our future needs.

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 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, 2023, we had approximately 400 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.

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, 2023. 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 historic 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 revenue growth will depend upon, among other factors:

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

We have a limited history operating our business at its current scale. As a result of our growth to date, 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 public company. With recent changes to our management team, renewed focus has been applied to investment in the overall infrastructure of the business in order to support future growth. However, we may experience difficulties as we continue to implement changes to our business and related policies and procedures to keep pace with our historical 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 continue 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 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 indoor and outdoor activities to be experienced with family and friends, as well as other influencer and product-related campaigns. 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 markets in which we compete are highly competitive and we could lose our market positions.

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, ISLE, Oru, Chubbies, TerraFlame and IcyBreeze 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 could experience in the future, 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, pandemics, 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, Cambodia, United States and Mexico. The majority of our fire pits, our highest grossing product, are currently made by a single 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 have fluctuated significantly during our limited operating history and could continue to do so in the future. 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 as a result of political and economic issues. Any fluctuations in the cost and availability of any of our raw materials or other sourcing or transportation costs has in the past, and could in the future, 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 sell a small percentage 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. 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 2023, 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 one distribution center in Texas makes us 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, harm our results of operations and negatively impact our financial condition.

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 continuing international operations may not be successful.

Continued operations in markets outside the United States is one of our key long-term strategies for the future growth of our business. These continued operations require significant investments 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 continued international operations, and they may not be successful. We have limited experience with regulatory environments and market practices internationally, and we may not be able to further penetrate or continue to successfully operate in these new markets. We may also encounter difficulty continuing operations in 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 continue to establish our brand. Accordingly, if we are unable to successfully continue to operate internationally or manage the complexity of our global operations, we may not achieve the expected benefits of these operations 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 on January 1, 2020. The CCPA creates certain 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 and 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, similar laws have been passed in other states, and are continuing to be proposed at the state and federal level, reflecting a trend toward more stringent privacy legislation in the United States. 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 the Federal Trade Commission, or 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. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business.

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, and the efficacy and longevity of current transfer mechanisms between the EEA and the United States remains uncertain. Case law from the Court of Justice of the European Union ("CJEU") states that reliance on the standard contractual clauses - a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism - alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. On October 7, 2022, President Biden signed an Executive order on Enhancing Safeguards for United States Signals Intelligence Activities which introduced new redress mechanisms and binding safeguards to address the concerns raised by the CJEU in relation to data transfers from the EEA to the United States and which formed the basis of the new EU-US Data Privacy Framework ("DPF"), as released on December 13, 2022. The European Commission adopted its Adequacy Decision in relation to the DPF on July 10, 2023, rendering the DPF effective as a GDPR transfer mechanism to U.S. entities self-certified under the DPF. The DPF also introduced a new redress mechanism for EU citizens which addresses a key concern in the previous CJEU judgments and may mean transfers under standard contractual clauses are less likely to be challenged in the future. On October 12, 2023, the UK Extension to the DPF came into effect (as approved by the UK Government), as a UK GDPR data transfer mechanism to U.S. entities self-certified under the UK Extension to the DPF. We rely on the standard contractual clauses, the UK Addendum to the EU standard contractual clauses, the UK International Data Transfer Agreement, and the DPF, as relevant, to transfer personal data outside the EEA and the UK, including to the United States, with respect to third party transfers. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. 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 certain cookies 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, recent European court and regulator decisions and 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. Private parties are also seeking to limit the ability to monitor and market customer behavior. Those increased limitations may also impact marketing techniques and effectiveness.

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, and those of our third-party service providers, strategic partners, and other contractors or consultants, 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 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. Further, the costs associated with the investigation, remediation and potential notification of the breach to counter-parties and data subjects could be material. 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 even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. 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 2023, 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, 2023 we had $60.0 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.

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, in the past, when evaluating our internal controls over financial reporting, we have identified a material weakness. If we identify any additional 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.

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 have in the past and 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.

An adverse determination in any material product liability related claim against us could adversely affect our operating results or financial condition.

The use of our products by consumers, exposes us to risks associated with product liability claims. If our products are defective or used incorrectly by our customers, bodily injury, property damage or other injury, including death, may result in, and could give rise to product liability claims against us, which could adversely affect our brands' image or reputation. We have encountered product liability claims in the past and carry product liability insurance to help protect us against the costs of such claims, although our insurance may not be sufficient to cover all losses. Any losses that we may suffer from product liability claims, and the effect that any product liability litigation may have upon the reputation and marketability of our products, may have a negative impact on our business, financial condition or results of operations.

Our business depends substantially on our ability to attract and retain experienced and qualified talent, including our senior management team.

We are dependent upon the contributions, talent and leadership of our senior management team. We do not have a "key person" life insurance policy on our CEO or any other key employees. We believe that our senior management team is key to establishing our focus and executing our corporate strategies as they have extensive knowledge of our systems and processes. Given our senior management team’s knowledge of our industry and the limited number of direct competitors in the industry, we believe that it could be difficult to find replacements should any of the members of our senior management team leave.

We could also be adversely affected if we fail to attract and retain talent throughout our organization. For instance, we rely on skilled and well-trained engineers for the research, development and design of our products and marketing personnel for our overall brand and individual brands growth. Competition for such individuals is intense, particularly in Texas and California where several of our brands are headquartered. Our inability to attract or retain qualified employees in our research, development and design and marketing functions or elsewhere in our Company could result in diminished quality of our products and delinquent production schedules, impede our ability to develop new products and prevent us from growing our brand, in aggregate and individually.

Our failure to adequately address any of these issues could have a material adverse effect on our business, operating results and financial condition.

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 $28.7 million and a related liability for early termination payments under the Tax Receivable Agreement of approximately $15.7 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

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 11, 2024, we have an aggregate of 410,660,248 shares of Class A common stock authorized but unissued, including approximately 33,120,136 shares of Class B common stock issuable upon redemption of LLC Interests, 33,069,023 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 to 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.

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 11, 2024, 58,106,957 shares of Class A common stock were issued and outstanding and an additional 2,208,303 shares had the potential to vest in the future. Additionally, 33,069,023 shares of Class B common stock were issued and outstanding and an additional 51,113 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 29,953,415 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.

Stock repurchases undertaken by the Company could have adverse effects, including potentially increasing the volatility of the price of our Class A common stock and potentially diminishing our cash reserves while not producing hoped for stockholder value.

Our Board of Directors has in the past and may from time to time in the future authorize stock repurchases, pursuant to which repurchases of Class A common stock may be made either through open market transactions (including pre-set trading plans) or through other transactions, such as through privately negotiated transactions or in such other manners as may be determined by our Board of Directors in accordance with applicable securities laws. Any repurchase authorizations may be modified, suspended, or terminated at any time and there can be no assurance that our Board of Directors may authorize a stock repurchase in the future. Any failure to repurchase stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price.

The existence of a stock repurchase authorization could cause our stock price to trade higher than it otherwise would be and could potentially reduce the market liquidity for our stock. Although stock repurchase authorizations may be intended to enhance long-term stockholder value, there is no assurance they will do so because the market price of our Class A common stock may decline below the levels at which we repurchased shares and short-term stock price fluctuations could reduce the effectiveness of any such authorization.

Repurchasing our Class A common stock reduces the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate purposes, and we may fail to realize the anticipated long-term stockholder value of any stock repurchase authorization.

In addition, the Inflation Reduction Act of 2022 imposes a non-deductible 1% excise tax on the fair market value of stock repurchases, net of stock issuances, that exceed $1 million in a taxable year, which will make any potential stock repurchases more expensive to us.

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, public health crises and pandemics, 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.

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.

Our ESG initiatives and the adoption of ESG regulatory frameworks may impose additional costs and expose us to emerging areas of risk.

Companies across all industries are facing increasing scrutiny from stakeholders related to their ESG practices. Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Investors' increased focus related to ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Companies which do not adapt to or comply with investor or other stakeholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition, and/or stock price of such a company could be materially and adversely affected.

We have adopted certain practices and policies to align our ESG approach with our business strategy by maximizing the inherent value of our assets and delivering long-term social, environmental and economic values across our brands. However, our stakeholders may look to us to implement more or different ESG procedures, standards or goals in order to continue engaging with us, to remain invested in us, or before they make further investments in us. Additionally, we may face reputational challenges in the event our ESG procedures or standards do not meet the standards set by certain constituencies or such constituencies might not be satisfied with our efforts or the speed of adoption of ESG practices or polices. If we do not meet our stakeholders' expectations or we are not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, trust in our brand may suffer and our business and/or our ability to access capital could be harmed.

Further, there is an increased focus by governmental and nongovernmental organizations on climate change matters, including increased pressure to expand disclosures related to the physical and transition risks related to climate change or to establish sustainability goals, such as the reduction of greenhouse gas emissions, which could expose us to market, operational and execution costs or risks. Our failure to establish sustainability targets or targets that are perceived to be appropriate, as well as to achieve progress on those targets on a timely basis, or at all, could adversely affect the reputation of our brands and sales of and demand for our products. For example, in October 2023, the State of California adopted SB 253, the Climate Corporate Data Accountability Act, which will require companies to annually disclose Scope 1, Scope 2, and Scope 3 greenhouse gas emissions and SB 261, Greenhouse Gases: Climate-Related Financial Risk which will require biennial disclosure of a company's financial risk caused by climate change. These, and additional legislation which may be passed, such as proposed rules by the SEC with respect to enhanced and standardized climate-related disclosures, may cause us to incur significant additional costs of compliance due to the need for expanded data collection, analysis, and certification with respect to greenhouse gas emissions and other climate change related risks. We may also incur additional costs or require additional resources to monitor, report and comply with such stakeholder expectations and standards and legislation, and to meet climate change targets and commitments if established. In addition, the European Union Corporate Sustainability Reporting Directive ("CSRD") became effective in 2023. CSRD applies to both EU and non-EU in-scope entities and would require them to provide expansive disclosures on various sustainability topics. We are assessing our obligations under CSRD which will become effective in 2025 for U.S. companies with subsidiaries in the EU that meet certain criteria and expect that compliance could require substantial effort in the future. We will likely need to be prepared to contend with overlapping, yet distinct, climate-related disclosure requirements in multiple jurisdictions.

The occurrence of any of the foregoing could have a material adverse effect on our business and financial condition and expose us to market, operational and execution costs or risks.

The impacts of risks associated with international geopolitical conflicts, including continued tensions between Taiwan and China and the Russian invasion of Ukraine, on the global economy, energy supplies and raw materials are uncertain, but may prove to negatively impact our business and operations.

In recent years, diplomatic and trade relationships between the U.S. government and China have become increasingly frayed and the threat of a takeover of Taiwan by China has increased. Since much of our production occurs in China, our business, our operations and our supply chain could be materially and adversely impacted by political, economic or other actions from China, or changes in China-Taiwan relations that impact China and its economy. In addition, we continue to monitor any adverse impact that the outbreak of war in Ukraine and the subsequent institution of sanctions against Russia by the United States and several European and Asian countries may have on the global economy in general, on our business and operations and on the businesses and operations of our suppliers and customers. For example, a prolonged conflict may result in ongoing increased inflation, escalating energy prices and constrained availability, and thus increasing costs, of raw materials. To the extent that continuing political tensions between China and Taiwan or the war in Ukraine may adversely affect our business, it may also have the effect of heightening many of the other risks described in our risk factors, such as those relating to data security, supply chain, volatility in prices of inputs, and market conditions, any of which could negatively affect our business and financial condition.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

The Company recognizes the importance of being able to assess, effectively respond to and manage material cybersecurity threats and incidents that may compromise the confidentiality, integrity or availability of its information systems, data or network resources.

As part of its overall enterprise risk management framework, the Company maintains both an Information Security Committee ("ISC") and an Incident Response Plan ("IRP"). The Company's ISC is managed by its Chief Information Officer (the "CIO") whose team (the Incident Response Team, or "IRT") is responsible for leading company-wide cybersecurity strategy, policy, standards, architecture, and processes. The purpose of the IRP is to define procedures for reporting and responding to cybersecurity incidents. It creates objectives for actionable procedures that can be measured, evaluated, scaled and revised as necessary for each specific cybersecurity incident. These objectives are designed to maximize the effectiveness of the Company's response through an established plan of action and assigning responsibilities to appropriate personnel and/or third-party contractors.

If a cybersecurity threat or incident is identified, the IRT will communicate the cybersecurity threat or incident and any damages to the CIO and other members of senior management of the Company. The Company will assess the materiality of the cybersecurity threat or incident to determine if any public disclosures are required under the SEC's cybersecurity disclosure rule. If deemed necessary, third-party consultants, legal counsel, and assessors will be engaged to evaluate the materiality assessment.

The cybersecurity program of the Company interfaces with other functional areas within the Company, including but not limited to the Company's brands and information technology, accounting, finance, legal and human resources, as well as external third-party partners, where appropriate, to assess, identify and manage potential cybersecurity threats. The Company regularly assesses and updates its processes, procedures and management techniques in light of ongoing cybersecurity developments.

Recognizing the complexity and evolving nature of cybersecurity threats, the Company also engages with a range of external experts, including cybersecurity assessors and consultants in evaluating and testing its cybersecurity management systems and IRP. These partnerships enable the Company to leverage specialized knowledge and insights, to assist in updating its cybersecurity strategies and processes to align with industry best practices. The Company's collaboration with these third parties includes consultation and review of security enhancements.

To date, we have not identified risks from cybersecurity threats or incidents, including as a result of any previous cybersecurity incidents, that have materially affected the Company or are reasonably likely to materially affect our operations, business strategy, results of operations, of financial condition. However, the sophistication of and risks from cybersecurity threats and incidents continues to increase, and there can be no assurance that our cybersecurity risk management program and processes, including our IRP, and other preventative actions the Company has taken and continues to take to reduce the risk of cybersecurity threats and incidents and protect its systems and information, will be fully implemented, complied with or successful in protecting against all cybersecurity threats and incidents. For more information on how cybersecurity risk could materially affect the Company's business strategy, results of operations, or financial condition, please refer to "Item 1A Risk Factors—Risks Related to our Business and Industry—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."

Governance

Our Board considers cybersecurity risk as part of its risk oversight function. The Board oversees management's implementation of our cybersecurity risk management program. The Board receives regular reports from the ISC on our cybersecurity risks. In addition, ISC updates the Board, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential. The Board also receives briefings from ISC on our cyber risk management program. Board members receive presentations on cybersecurity topics from our CIO, internal security staff or external experts as part of the Board's continuing education on topics that impact public companies.

The ISC, is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our ISC's expertise includes a combined 20 plus years of experience in managing security technologies; designing and implementing security strategies; and risk management and incident response across various industries. Our ISC supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

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, 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.

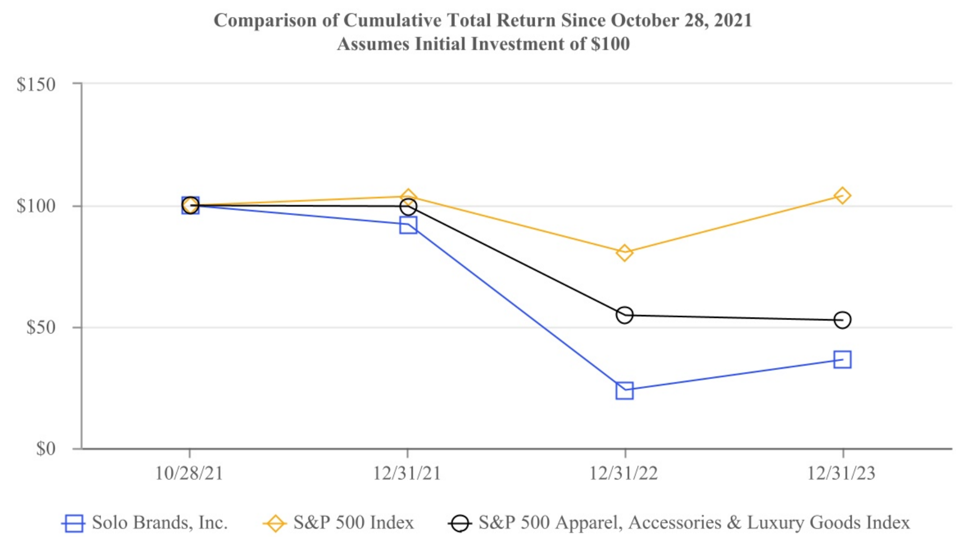
As of March 11, 2024, other than shares offered to the public, there were approximately 9 shareholders of record for our Class A common stock and approximately 54 shareholders of record for our Class B common stock. This does not include the significant number of beneficial owners whose stock is in nominee or "street name" accounts through brokers, bank, or other nominees.

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		12/31/2023
Solo Brands, Inc.	$	100.00	$	91.94	$	23.80	$	36.24
S&P 500 Index		100.00		103.69		80.56		103.77
S&P 500 Apparel, Accessories & Luxury Goods Index	$	100.00	$	99.33	$	54.64	$	52.44

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.

Unregistered Sales of Equity Securities

None.

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, 2023.

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, 2023 compared to the year ended December 31, 2022 is included herein. Our discussion and analysis of the year ended December 31, 2022 compared to the year ended December 31, 2021 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, 2022, which was filed with the SEC on March 9, 2023.

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.

For the year ended December 31, 2023, we experienced a decrease in our net sales from $517.6 million for the year ended December 31, 2022 to $494.8 million for the current year. The decline in net sales was primarily the result of the lack of significant new product launches in the current year when compared to the prior year, in which the Mesa and Pi pizza oven were launched. Similar to the prior year, we continued to see net sales channel mix shift from direct to consumer to wholesale, with wholesale net sales growing 45.1%. Due in part to this shift, within our direct to consumer net sales channel we have seen an increase in the number of customers purchasing accessories for our products that were purchased through our wholesale net sales channel. Further, we experienced a decline in direct to consumer net sales which can be attributed to inefficient marketing spend in the current year as we invested in marketing mediums that did not yield the anticipated returns, in contrasts to the more successful marketing investments made last year.

Results of Operations

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

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 our net sales throughout the year relative to the timing of new product launches.

(dollars in thousands)	Year Ended December 31, 2023	2022	Change $	%
Net sales	$ 494,776	$ 517,627	$ (22,851)	(4.4)%
Direct-to-consumer net sales	358,052	423,412	(65,360)	(15.4)%
Wholesale net sales	136,724	94,215	42,509	45.1 %

The decrease in net sales for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by the lack of significant new product launches in the current year when compared to the prior year. Within the DTC channel, total orders and average order value decreased 8.1% and 12.4%, respectively, for the year ended December 31, 2023.

Partially offsetting the decrease, DTC channel net sales included $11.0 million of activity related to the businesses acquired in 2023, for which the comparative periods did not include such activity. Growth within the wholesale net sales channel is mainly attributed to the expansion of our strategic partnerships.

Cost of Goods Sold and Gross Profit

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, costs related to manufacturing of certain of our products, product quality testing and inspection costs and depreciation on molds and equipment that we own.

(dollars in thousands)	Year Ended December 31, 2023	2022	Change $	%
Cost of goods sold	$ 192,624	$ 199,452	$ (6,828)	(3.4)%
Gross profit	302,152	318,175	(16,023)	(5.0)%
Gross margin (Gross profit as a % of net sales)	61.1 %	61.5 %		(0.40)

The decrease in cost of goods sold for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by reduction in freight costs, with a lower average container cost in 2023 when compared to the prior year, as well as the decline in net sales. Partially offsetting the decreases, cost of goods sold included $6.4 million of activity related to the businesses acquired in 2023, for which the comparative periods did not include such activity, as well as increases in product costs unrelated to the 2023 acquisitions.

The decrease in gross profit for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily the result of the decrease in net sales, which simultaneously drove the decrease in cost of goods sold.

Gross margin decreased for the year ended December 31, 2023 compared to the year ended December 31, 2022, the result of the shift in sales channel mix with growth in wholesale sales, which typically have lower gross margins than DTC sales, whereas the DTC sales declined.

Selling, General, and Administrative Expenses

Selling, general and administrative ("SG&A") expenses consist primarily of marketing costs, wages, equity-based compensation expense, 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, net one-time advertising contract termination fees and general corporate expenses.

(dollars in thousands)	Year Ended December 31, 2023	2022	Change $	%
Selling, general, and administrative expenses	$ 249,432	$ 259,048	$ (9,616)	(3.7)%
SG&A as a % of net sales	50.4 %	50.0 %		0.40

The decrease in SG&A for the year ended December 31, 2023 compared to the year ended December 31, 2022 was driven by $0.3 million of fixed cost decreases and $9.3 million of variable cost decreases.

The fixed cost decreases for the year ended December 31, 2023 compared to the year ended December 31, 2022 were primarily the result of a $3.1 million decrease in employee costs, primarily attributable to a $3.8 million decrease in equity-based compensation, offset in part by an increase in rent of $2.7 million due to warehouse and retail store additions and an increase of $0.5 million in information technology expenses.

The variable cost decreases for the year ended December 31, 2023 compared to the year ended December 31, 2022 were primarily the result of a $7.5 million decrease in distribution costs primarily due to decreased shipping costs and lower total orders, a $1.6 million decrease in the fair value of contingent consideration related to the current year acquisitions, a $1.6 million decrease in warehouse transition expenses due to completing the transition of the 2021 acquisitions in the prior year and a $1.0 million decrease in bad debt expenses. These variable expense decreases were offset in part by an increase of $3.5 million in advertising and marketing expense.

Depreciation and Amortization Expenses

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

	Year Ended December 31,		Change	
(dollars in thousands)	**2023**	**2022**	**$**	**%**
Depreciation and amortization expenses	$ 26,593	$ 24,592	$ 2,001	8.1 %
Amortization	22,396	21,019	1,377	6.6 %
Depreciation	4,197	3,573	624	17.5 %

The increase in amortization and the increase in depreciation for the year ended December 31, 2023 compared to the year ended December 31, 2022, was primarily related to increases in definite-lived intangible assets and additional property and equipment as a result of acquisition activity in 2023.

Impairment Charges

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

	Year Ended December 31,		Change	
(dollars in thousands)	**2023**	**2022**	**$**	**%**
Impairment charges	$ 248,967	$ 30,589	$ 218,378	713.9 %

The increase in impairment charges for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily related to the goodwill impairment of $234.8 million at Solo Stove, Oru and ISLE in 2023 as a result of the decline in performance of these reporting units compared to previous forecasts versus the $27.9 million impairment for ISLE in 2022 as a result of the weakened demand for the ISLE reporting unit's products. As a result of the same factors noted above, impairment of $14.2 million to the intangible assets of Oru and ISLE was recorded in 2023, compared to impairment of $2.7 million to the intangible asset of ISLE in 2022. For more information regarding the impairments, see Note 9, Goodwill, and Note 8, Intangible Assets, net in Item 8 of this Annual Report.

Other Operating Expenses

Other operating expenses include certain costs incurred as a result of being a public company, secondary offering completed in May 2023, acquisition-related expenses, business optimization and expansion expenses and management transition costs.

	Year Ended December 31,		Change	
(dollars in thousands)	**2023**	**2022**	**$**	**%**
Other operating expenses	$ 5,010	$ 3,582	$ 1,428	39.9 %

Other operating expenses increased for the year ended December 31, 2023 compared to the year ended December 31, 2022, the result of a $1.4 million increase in acquisition-related expenses as acquisition activity increased during 2023 and a $0.3 million increase in transaction-related activity, offset in part by a $0.4 million decrease in business optimization expenses as a result of non-recurring expenses incurred in 2022 resulting from IT and warehouse transition activity.

Interest Expense, Net

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

	Year Ended December 31,		Change	
(dollars in thousands)	**2023**	**2022**	**$**	**%**
Interest expense, net	$ 11,004	$ 6,271	$ 4,733	75.5 %

Interest expense, net increased for the year ended December 31, 2023 compared to the year ended December 31, 2022 due to an increase in the weighted average interest rate on our total debt balance, as well as a higher average debt balance in the current year when compared to the prior year.

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 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.

	Year Ended December 31,		Change	
(dollars in thousands)	**2023**	**2022**	**$**	**%**
Income tax expense	$ (36,225)	$ 1,001	$ (37,226)	(3718.9)%

Income tax expense decreased for the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to the current year goodwill and intangible asset impairments, as well as the current year decrease in the valuation allowance. Additionally, for the year ended December 31, 2023, our effective tax rate was impacted by a decrease in the tax benefit of $3.9 million related to the non-deductible portion of the goodwill impairment charge for Oru.

Liquidity and Capital Resources

Historically, our cash requirements have principally been for working capital purposes and acquisitions. We expect these needs to continue as we develop and grow our business. We fund our working capital, which is primarily comprised of inventory, accounts payable, and accounts receivable, net, and other cash requirements from cash flows from operating activities, cash on hand, and borrowings under our Revolving Credit Facility. Our cash flows from operating activities are our principal sources of liquidity and result primarily from the sales of our portfolio of products as described in Part I, Item 1, Business, of this Annual Report.

In addition, during the year ended December 31, 2023, we repurchased and subsequently retired an aggregate of 6,232,795 shares of our Class A common stock for approximately $31.2 million. We also repurchased an aggregate of 1,068,366 shares of our Class A common stock for approximately $5.3 million that was used to settle a portion of the contingent consideration related to the acquisition of IcyBreeze. We funded these repurchases from cash on hand and borrowings under our Revolving Credit Facility. From time to time, we may continue to repurchase shares of our Class A common Stock through open market transactions (including pre-set trading plans) or through other transactions, such as through privately negotiated transactions or in such other manners as may be determined by our Board of Directors, which may reduce the cash we have available.

We maintain the majority of our cash and cash equivalents in bank deposit and overnight sweep accounts with major highly rated multi-national and local financial institutions, and our deposits at these institutions exceed insured limits. Market conditions can impact the viability of these institutions, and any inability to access or delay in accessing these funds could adversely affect our business and financial position.
The table below reflects our sources, facilities and availability of liquidity as of December 31, 2023. See Note 11, Long-Term Debt, to the consolidated financial statements included elsewhere in this Annual Report.

	Liquidity Sources and Facilities	Availability
Cash and cash equivalents	$ 19,842	$ 19,842
Working capital (excluding cash and cash equivalents)	87,670	87,670
Revolving Credit Facility	60,000	289,400
Term Loan	91,250	—

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, with $0.6 million of letters of credit issued and outstanding as of December 31, 2023. 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, 2023, was based on SOFR. 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.

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, 2023, was based on SOFR.. We were required to make quarterly principal payments on the Term Loan beginning on December 31, 2021. At December 31, 2023, we had $91.3 million outstanding on the Term Loan. All required principal payments were made on time and with available cash through the year ended December 31, 2023. 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.

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, growth opportunities, such as continued 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, 2023.

Cash Flows

(dollars in thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022	Change $	Change %
Cash flows provided by (used in):				
Operating activities	$ 62,423	$ 32,395	$ 30,028	92.7 %
Investing activities	(53,079)	(10,015)	(43,064)	430.0 %
Financing activities	$ (12,866)	$ (23,542)	$ 10,676	(45.3)%

Operating activities

The $30.0 million increase in cash provided by operating activities period over period, as shown in the table above, was due to a $44.1 million decline in cash usage from changes in operating assets and liabilities ("working capital"), partially offset by an increase in cash usage of $14.1 million from changes in net income (loss) after non-cash adjustments, primarily driven by the impacts related to the goodwill and intangible asset impairments and the related impacts to deferred income taxes.

The increase in cash provided by working capital was primarily due to:

- a $59.1 million increase in cash provided by changes in inventory as a result of a higher inventory balance at the beginning of 2023 than the prior year, resulting in fewer inventory purchases in 2023, as well as a reduction in replenishment of inventory exiting the year in line with management's focus on reducing on-hand inventory;
- a $6.9 million increase in cash provided by changes in accounts payable as a result of an increase in accrued advertising and marketing costs in 2023.
- a $10.4 million increase in cash used in changes in accounts receivable as a result of the larger volume of wholesale sales through our key strategic retailers and our wholesale network towards the end of 2023 compared to the end of 2022; and
- the remaining changes to working capital were deemed immaterial to disclose separately.

Investing activities

The $43.1 million increase in cash used in investing activities, as shown in the table above, was primarily due to a $33.8 million increase in cash used in acquisition activity in 2023 compared to the prior year related to the 2023 acquisitions. Additionally, cash usage for contingent consideration increased by $9.4 million due to earnout payments for the 2023 acquisitions.

Financing activities

The $10.7 million increase in cash provided by financing activities, as shown in the table above, was primarily due to a $50.6 million increase in cash provided by net debt activities, partially offset by a $37.0 million increase in cash used in the repurchase of the Company's Class A common stock, of which $31.2 million was subsequently retired and the remainder utilized as a portion of the contingent consideration payments related to the 2023 acquisitions, and a $2.2 million increase in cash used 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 11, Long-Term Debt, in Item 8 of this Annual Report for more information regarding scheduled maturities of our long-term debt. See Note 13, Leases, in Item 8 of this Annual Report for additional information on leases. Interest payable on our long-term debt is expected to be $6.4 million due in the twelve months following December 31, 2023 and $7.8 million due thereafter.

As of December 31, 2023, we had a purchase commitment to purchase $30.0 million of advertising services in 2024 and $67.5 million thereafter, with a minimum required payment of $10.3 million in 2024 and $16.2 million thereafter. In addition, we had a contractual obligation of $2.7 million, due in full in 2024, with a prominent influencer for marketing and consulting services. These purchase obligations include 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.

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. These revenue transactions typically comprise a single performance obligation satisfied through the transfer of control of promised goods to the customers, based on the terms of sale. The transfer of control typically occurs at a point in time based on consideration of when the customer has an obligation to pay for the goods, and physical possession of, legal title to, and risk and rewards of ownership has been transferred, and the customer has accepted the goods.

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 creditworthiness and the contract terms 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, rebates and sales incentives programs, are deducted from gross sales in determining net sales at the time revenues are recorded. 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. We determine these estimates based on historical experience and trends. The actual amount of customer returns and refunds may differ from our estimates. We elected to account for shipping costs as fulfillment activities, and not as separate performance obligations. Net sales include shipping costs charged to the customer with the related shipping expense recognized in selling, general and administrative expenses when the revenue is recognized. Sales taxes collected from customers are excluded from net sales, which are remitted to government authorities.

Inventory

Inventories, consisting primarily of finished goods are recorded at the lower of cost or net realizable value. Cost is determined using an average costing method, calculated using the weighted average method. Our inventory balances include all costs incurred to deliver inventory to our distribution facilities, such as inbound freight, import duties and tariffs. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. We make ongoing estimates relating to the net realizable value of inventories based upon our assumptions about future demand and market conditions. As a result, we have not recorded any write-downs to inventory below cost, except as it relates to obsolete or slow-moving inventory. 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.

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.

During the quarter ended September 30, 2023, the Company concluded, based on the weight of all available positive and negative evidence, that all of the partnership deferred tax assets are more likely than not to be realized. As a result, the remaining valuation allowance on the partnership deferred tax assets was released.

We have recorded a valuation allowance against Oru's deferred tax assets resulting from the impairment of Oru's book goodwill and intangible assets, as discussed below, resulting in a net deferred tax asset for the Oru consolidated group. Solo Brands, Inc. evaluated and concluded that as of December 31, 2023, we had $1.4 million of deferred tax assets, net of $0.8 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 9, 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).

In the third quarter of 2023, the Company identified a triggering event 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 event was an adverse change in the plan for each brand approved by the board of directors, 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 determined that the fair value exceeded the carrying value for each reporting unit. Based on the results of the quantitative interim goodwill impairment test in the third quarter of 2023, the calculated fair values of the Solo Stove, Chubbies and ISLE reporting units exceeded their book values by more than 10% and no additional testing was necessary. For the Oru reporting unit, the fair value exceeded the book value by less than 5%. As a result of the identified fair value in excess of the carrying values of the respective reporting units as of September 30, 2023, there were no impairment charges recognized.

Per our accounting policy in Note 2, Significant Accounting Policies, we completed our annual goodwill impairment test as of October 1, 2023. Due to the proximity of the quantitative analysis performed as of the third quarter of 2023, we performed a qualitative analysis of our goodwill and determined that there were no indicators of impairment. This assessment was made based on relevant information, including applicable facts and circumstances, known as of the goodwill impairment assessment date. As a result of the non-persistent nature of the triggering event identified in the third quarter of 2023 and the lack of impairment indicators identified through the qualitative assessment performed, as of October 1, 2023, we determined it was more likely than not that the fair value of our reporting units exceeded their carrying values and, as such, we did not record goodwill impairment for our reporting units.

In the fourth quarter of 2023, subsequent to our annual goodwill impairment analysis, we identified goodwill impairment indicators indicating the fair value of one or more of our reporting units more likely than not did not exceed their carrying values. The goodwill impairment indicators observed were as follows:

- A significant decline in performance of the Solo Stove and ISLE reporting units in comparison to previous forecasts for the fourth quarter of 2023;
- Changes in management, with the departure of the CFO in the fourth quarter of 2023 and release and replacement of the CEO after year end December 31, 2023, however, in relative proximity to the fourth quarter of 2023. This change in management resulted in a shift of investment within each of our brands, inclusive of a reduction in investment for Oru; and
- A significant decline in share price of the Company's Class A common stock after year end December 31, 2023, however, in relative proximity to the fourth quarter of 2023.

As a result of the goodwill impairment indicators noted above, we determined it appropriate to perform an interim quantitative goodwill impairment test for all of our reporting units as of December 31, 2023.

For the quantitative goodwill impairment analysis performed as of December 31, 2023, 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, EBITDA margins, consideration of industry and market conditions, terminal growth rates 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, which ranged from 16.0% to 19.9%. 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.

As a result of the quantitative goodwill impairment test performed as of December 31, 2023, we determined that the carrying amounts of the Solo Stove, Oru and ISLE reporting units exceeded their fair values and goodwill impairment charges were recognized at each. The remaining reporting units were determined to have fair values exceeding their book values by more than 10%. The following table presents the goodwill impairment charges and remaining goodwill by reporting unit:

Reporting Unit	Impairment Charge ($)	Remaining Goodwill ($)
Solo Stove	214,327	76,677
Oru	18,781	—
ISLE	1,663	—

The impairment was driven by the significant decline in performance of the Solo Stove, Oru and ISLE reporting units in comparison to previous forecasts primarily due to lower net sales resulting from new product launches that were not as successful as those in the prior year, coupled with less effective marketing campaigns, as well as the decline in market capitalization driven by the decline in share price. The impairment charges were recorded to impairment charges on the consolidated statements of operations and comprehensive income (loss).

The fair value determination of our reporting units and our goodwill is judgmental in nature and requires the use of estimates and assumptions that are sensitive to changes. Assumptions include estimation of the estimation of future revenue and projected margins, which are dependent on internal cash flow forecasts, estimation of the terminal growth rates and capital spending, and determination of discount rates. Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, market EBITDA comparables and credit ratings. While we believe we have made reasonable estimates and assumptions to calculate the fair value of the reporting units, it is possible a material change could occur. As a result, there can be no assurance that the estimates and assumptions made for purposes of the quantitative goodwill and indefinite-lived intangible impairment tests will prove to be an accurate prediction of future results.

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 8, 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 $30.6 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 through September 30, 2023.

In the fourth quarter of 2023, as a result of the Company's identification of triggering events requiring the Company to perform an interim quantitative goodwill impairment test (see Note 9, Goodwill for more information), the Company first considered the extent to which the adverse events and circumstances identified could affect the Company's held and used long-lived asset groups. The Company observed the following triggering events for the Company's held and used long-lived asset groups:

- A significant decline in performance of the Solo Stove and ISLE reporting units in comparison to previous forecasts for the fourth quarter of 2023;

- Changes in management, with the departure of the CFO in the fourth quarter of 2023 and release and replacement of the CEO after year end December 31, 2023, however, in relative proximity to the fourth quarter of 2023. This change in management resulted in a shift of investment within each of our brands, inclusive of a reduction in investment for Oru; and
- A significant decline in share price of the Company's Class A common stock after year end December 31, 2023, however, in relative proximity to the fourth quarter of 2023.

As a result of the identified triggering events, the Company reviewed the undiscounted future cash flows for the identified long-lived asset groups, and the results of the analysis indicated the carrying amounts for the long-lived asset groups of Oru and ISLE were not expected to be recovered. The Company estimated the fair value of the asset group of both Oru and ISLE and determined that other than the intangible asset(s), the remaining assets were materially stated at their relative fair values. The fair value of both the Oru and ISLE reporting units and determined to be at or below the carrying value of the goodwill and intangible asset(s) recorded at each reporting unit. As such, the Company fully impaired the intangible asset(s) of the Oru and ISLE reporting units as of December 31, 2023.

The Company recorded an aggregate $13.4 million impairment charge to the intangible assets of Oru and a $0.8 million impairment charge to the Trademark intangible asset of ISLE as of December 31, 2023. These impairment charges were 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 the intangible assets of Oru and ISLE. As of December 31, 2023, there was no further value attributed to the intangible assets of Oru or ISLE, resulting in the useful lives of the intangible assets for both reporting units being fully depleted. This change does not have a material impact to amortization expense in any future year.

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, of 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. Our market risk exposure is primarily the result of fluctuations in interest 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 SOFR plus an applicable margin based on our total net leverage ratio. As of December 31, 2023, we had indebtedness of $60.0 million and $91.3 million, with annualized rates of interest of 6.59% and 6.49%, 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, 2023, we have not entered into any such contracts. A 100 bps increase in SOFR would increase our interest expense by approximately $1.5 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. 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 local currencies. During 2023 and 2022, net sales in international markets accounted for 6.0% and 7.1% of our consolidated revenues, respectively. Therefore, we do not believe exposure to foreign currency fluctuations has had a material impact on our net sales. A portion of our operating expenses are incurred outside the Unites 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. A 100 bps unfavorable change in foreign currency exchange rates to which we are exposed would increase our operating expenses by approximately $0.3 million for the year ended December 31, 2023.

Item 8. Financial Statements and Supplementary Data

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, 2023 and 2022, the related consolidated statements of operations and comprehensive income (loss), cash flows and equity for each of the three years in the period ended December 31, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, 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 14, 2024

SOLO BRANDS, INC.
Consolidated Balance Sheets

(In thousands, except par value and per unit data)	December 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 19,842	$ 23,293
Accounts receivable, net of allowance for credit losses of $1.3 million and $1.5 million for the years ended December 31, 2023 and 2022, respectively	42,725	26,176
Inventory	111,613	132,990
Prepaid expenses and other current assets	21,893	12,639
Total current assets	196,073	195,098
Non-current assets		
Property and equipment, net	26,159	15,166
Intangible assets, net	221,010	234,632
Goodwill	169,648	382,658
Operating lease right-of-use assets	30,788	34,259
Other non-current assets	15,640	534
Total non-current assets	463,245	667,249
Total assets	$ 659,318	$ 862,347
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 21,846	$ 11,783
Accrued expenses and other current liabilities	55,155	43,377
Deferred revenue	5,310	6,848
Current portion of long-term debt	6,250	5,000
Total current liabilities	88,561	67,008
Non-current liabilities		
Long-term debt, net	142,993	108,383
Deferred tax liability	17,319	82,621
Operating lease liabilities	24,648	29,133
Other non-current liabilities	13,534	205
Total non-current liabilities	198,494	220,342
Commitments and contingencies (Note 16)		
Equity		
Class A common stock, par value $0.001 per share; 468,767,205 shares authorized, 57,947,711 shares issued and outstanding; 475,000,000 authorized, 63,651,051 issued and outstanding	58	64
Class B common stock, par value $0.001 per share; 50,000,000 shares authorized, 33,047,780 shares issued and outstanding; 50,000,000 shares authorized, 32,157,983 issued and outstanding	33	32
Additional paid-in capital	357,385	358,118
Retained earnings (accumulated deficit)	(115,458)	5,746
Accumulated other comprehensive income (loss)	(230)	(499)
Treasury stock	(526)	(35)
Equity attributable to the controlling interest	241,262	363,426
Equity attributable to noncontrolling interests	131,001	211,571
Total equity	372,263	574,997
Total liabilities and equity	$ 659,318	$ 862,347

See Notes to Consolidated Financial Statements

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

(In thousands, except per share data)	Year Ended December 31, 2023	2022	2021
Net sales	$ 494,776	$ 517,627	$ 403,717
Cost of goods sold	192,624	199,452	144,809
Gross profit	**302,152**	**318,175**	**258,908**
Operating expenses			
Selling, general & administrative expenses	249,432	259,048	159,524
Depreciation and amortization expenses	26,593	24,592	18,228
Impairment charges	248,967	30,589	—
Other operating expenses	5,010	3,582	12,293
Total operating expenses	530,002	317,811	190,045
Income (loss) from operations	**(227,850)**	**364**	**68,863**
Non-operating (income) expense			
Interest expense, net	11,004	6,271	10,135
Other non-operating (income) expense	(7,297)	712	208
Total non-operating (income) expense	3,707	6,983	10,343
Income (loss) before income taxes	(231,557)	(6,619)	58,520
Income tax expense (benefit)	(36,225)	1,001	2,025
Net income (loss)	**(195,332)**	**(7,620)**	**56,495**
Less: net income earned by controlling members prior to the Reorganization Transactions	—	—	37,963
Less: net income (loss) attributable to noncontrolling interests	(83,985)	(2,675)	7,841
Net income (loss) attributable to Solo Brands, Inc.	**$ (111,347)**	**$ (4,945)**	**$ 10,691**
Other comprehensive income (loss)			
Foreign currency translation, net of tax	(268)	(827)	5
Comprehensive income (loss)	**(195,600)**	**(8,447)**	**56,500**
Less: other comprehensive income (loss) attributable to noncontrolling interests	(97)	(322)	—
Less: net income earned prior to the Reorganization Transactions	—	—	37,963
Less: net income (loss) attributable to noncontrolling interests	(83,985)	(2,675)	7,841
Comprehensive income (loss) attributable to Solo Brands, Inc.	**(111,518)**	**(5,450)**	**10,696**
Net income (loss) per Class A common stock			
Basic	$ (1.84)	$ (0.08)	$ 0.17
Diluted	$ (1.84)	$ (0.08)	$ 0.17
Weighted-average Class A common stock outstanding			
Basic	60,501	63,462	63,011
Diluted	60,501	63,462	63,011

See Notes to Consolidated Financial Statements

SOLO BRANDS, INC.
Consolidated Statements of Cash Flows

	Year Ended December 31,		
(In thousands)	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (195,332)	$ (7,620)	$ 56,495
Adjustments to reconcile net income (loss) to net cash and cash equivalents provided by (used in) operating activities			
Impairment charges	248,967	30,589	—
Depreciation and amortization	27,349	24,592	18,228
Equity-based compensation	14,717	18,598	7,329
Operating lease right-of-use assets expense	8,373	6,889	—
Changes in accounts receivable reserves	295	1,293	77
Amortization of debt issuance costs	860	860	507
Warranty provision	690	—	—
Equity-based compensation for non-employees	333	—	—
Loss (gain) on disposal of property and equipment	219	66	187
Change in fair value of contingent consideration	(1,573)	—	—
Barter credits	(7,160)	—	—
Deferred income taxes	(47,040)	(10,501)	(3,139)
Non-cash interest expense	—	—	1,652
Changes in assets and liabilities			
Inventory	28,182	(30,884)	(49,413)
Accrued expenses and other current liabilities	6,811	7,587	(8,835)
Accounts receivable	(16,328)	(5,923)	(15,040)
Other non-current assets and liabilities	2,409	(542)	653
Deferred revenue	(1,571)	3,334	(17,936)
Operating lease right-of-use assets and liabilities	(8,113)	(5,817)	—
Prepaid expenses and other current assets	(9,222)	(2,802)	(8,134)
Accounts payable	9,557	2,676	7,123
Net cash provided by (used in) operating activities	62,423	32,395	(10,246)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(9,093)	(9,241)	(10,645)
Payments of contingent consideration	(9,386)	—	—
Acquisitions, net of cash acquired	(34,600)	(774)	(133,308)
Proceeds from the sale of property and equipment	—	—	64
Net cash provided by (used in) investing activities	(53,079)	(10,015)	(143,889)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	70,000	45,000	363,600
Repayments of long-term debt	(35,000)	(60,625)	(306,725)
Debt issuance costs paid	—	—	(4,234)
Finance lease liability principal paid	(379)	—	—
Payment of contingent consideration	—	—	(100,000)
Contributions from members before Reorganization Transactions	—	—	250
Distributions to members before Reorganization Transactions	—	—	(33,163)
Proceeds from issuance of Class A common stock, net of underwriters' discounts	—	—	234,600
Payments of initial public offering costs	—	—	(5,594)
Exercise of Options for Class A common stock	39	—	—
Common stock repurchases	(36,957)	—	—
Distributions to non-controlling interests	(10,511)	(8,304)	(2,256)
Taxes paid related to net share settlement of equity awards	(305)	(35)	—
Stock issued under employee stock purchase plan	247	422	—
Net cash provided by (used in) financing activities	(12,866)	(23,542)	146,478
Effect of exchange rate changes on cash	71	(646)	5

Net change in cash and cash equivalents	(3,451)	(1,808)	(7,652)
Cash and cash equivalents balance, beginning of period	23,293	25,101	32,753
Cash and cash equivalents balance, end of period	$ 19,842	$ 23,293	$ 25,101
SUPPLEMENTAL DISCLOSURES:			
Cash interest paid	$ 10,327	$ 5,125	$ 8,222
Cash income taxes paid	$ 11,775	$ 13,190	$ 8
Construction in progress in accounts payable	$ —	$ 293	$ —
SUPPLEMENTAL NONCASH INVESTING AND FINANCING DISCLOSURES:			
Treasury stock retirements	$ 31,164	$ —	$ —
Re-issuance of treasury stock	5,342	—	—
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

See Notes to Consolidated Financial Statements

SOLO BRANDS, INC.
Consolidated Statements of Equity

(In thousands)	Class A Common Stock		Class B Common Stock							
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Treasury Stock	Non-controlling Interest	Total Equity
Balance at December 31, 2021	**63,397**	**$ 63**	**31,179**	**$ 31**	**$ 350,088**	**$ 10,691**	**$ 6**	**$ —**	**$ 213,292**	**$ 574,171**
Net income (loss)	—	—	—	—	—	(4,945)	—	—	(2,675)	**(7,620)**
Equity-based compensation	—	—	—	—	12,233	—	—	—	4,512	**16,745**
Other comprehensive income (loss)	—	—	—	—	—	—	(505)	—	(322)	**(827)**
Tax distributions to non-controlling interests	—	—	—	—	—	—	—	—	(7,859)	**(7,859)**
Employee stock purchase plan	103	—	—	—	422	—	—	—	—	**422**
Surrender of stock to settle taxes on equity awards	—	—	—	—	—	—	—	(35)	—	**(35)**
Vested equity-based compensation and re-allocation of ownership percentage	151	1	979	1	(4,625)	—	—	—	4,623	**—**
Balance at December 31, 2022	**63,651**	**$ 64**	**32,158**	**$ 32**	**$ 358,118**	**$ 5,746**	**$ (499)**	**$ (35)**	**$ 211,571**	**$ 574,997**
Net income (loss)	—	—	—	—	—	(111,347)	—	—	(83,985)	**(195,332)**
Equity-based compensation	—	—	—	—	10,272	—	—	—	3,834	**14,106**
Equity-based compensation for non-employees	—	—	—	—	333	—	—	—	—	**333**
Other comprehensive income (loss)	—	—	—	—	—	—	58	—	210	**268**
Tax distributions to non-controlling interests	—	—	—	—	—	—	—	—	(10,511)	**(10,511)**
Employee stock purchase plan	54	—	—	—	247	—	—	—	—	**247**
Common stock repurchase	(7,301)	—	—	—	(1,635)	20,852	—	(36,692)	—	**(17,475)**
Re-issuance of treasury stock	1,068	—	—	—	545	—	—	5,342	—	**5,887**
Treasury stock retirement	—	(6)	—	—	—	(31,158)	—	31,164	—	**—**
Surrender of stock to settle taxes on equity awards	—	—	—	—	—	—	—	(305)	—	**(305)**
Exercise of options for Class A common stock	8	—	—	—	39	—	—	—	—	**39**
Vested equity-based compensation and re-allocation of ownership percentage	468	—	890	1	(10,534)	449	211	—	9,882	**9**
Balance at December 31, 2023	**57,948**	**$ 58**	**33,048**	**$ 33**	**$ 357,385**	**$ (115,458)**	**$ (230)**	**$ (526)**	**$ 131,001**	**$ 372,263**

See Notes to Consolidated Financial Statements

SOLO BRANDS, INC.
Consolidated Statements of Equity

(In thousands)	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						
Balance at December 31, 2020	**—**	**$ —**	**—**	**$ —**	**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**
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	**—**
Balance at December 31, 2021	**63,397**	**$ 63**	**31,179**	**$ 31**	**—**	**$ —**	**—**	**$ —**	**$ —**	**$ 350,088**	**$ 10,691**	**$ 6**	**$ 213,292**	**$ 574,171**

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 majority-owned subsidiary, Solo Stove Holdings, LLC ("Holdings"), operates six premium brands—Solo Stove, Oru Kayak, Inc. ("Oru"), International Surf Ventures, Inc. ("ISLE"), Chubbies, Inc. ("Chubbies"), Sconberg, LLC ("TerraFlame") and IcyBreeze Cooling, LLC ("IcyBreeze"). 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. TerraFlame provides customers the ability to bring the fire inside with a indoor fire pit. IcyBreeze offers the next level of outdoor comfort with portable air conditioners for use when weather conditions do not favor a fire. 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 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 and majority-owned subsidiaries and the entity consolidated under the variable interest entity model. 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 all wholly-owned and majority-owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation. For our consolidated non-wholly owned subsidiaries, a noncontrolling interest is recognized to reflect the portion of income and equity that is not attributable to the Company.

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, 2023, Dick's Sporting Goods and Costco accounted for 24.2% and 19.0%, respectively, of the Company's total outstanding accounts receivable. For the year ended December 31, 2022, Costco accounted for 42.5% of the Company's total outstanding accounts receivable. There are no other significant concentrations of receivables that represent a significant credit risk.

For the years ended December 31, 2023, 2022, and 2021, 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 two manufacturers, with additional manufacturing and available capacity between two separate manufacturers in China. Further, limited manufacturing occurs in India and Vietnam. The kayaks were made by one manufacturer in Mexico and the kayak accessories are made between a variety of manufacturers in China and Vietnam. 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, sportwear, 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. The indoor fire and decor products acquired in 2023 are made by one manufacturer in Mexico. The portable air conditioning coolers are assembled in-house with components made in China by two manufacturers, Cambodia by one manufacturer and in the United States by three manufacturers.

Segment Information

The Company's CEO, 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.

Cash and Cash Equivalents

The Company considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist principally of bank deposits and overnight sweep accounts. 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 receivable, net consist of amounts due to the Company from retailers and direct-to-corporate customers, as well as receivables from the credit card and payment application services used by the Company. Accounts receivable, net are recorded at invoiced amounts, less contractual allowances for trade terms, sales incentive programs, and discounts. The Company maintains an allowance for expected credit losses, which is determined based on a review of specific customer accounts where the collection is doubtful, as well as an assessment of the collectability of receivable of customer groups that share similar risk characteristics. This assessment is based on historical and anticipated trends, existing and forecasted economic conditions 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 years ended December 31, 2023, 2022, and 2021 was $0.3 million, $1.3 million, and $0.3 million, respectively.

Inventory

Inventories, consisting primarily of finished goods are recorded at the lower of cost or net realizable value. Cost is determined using an average costing method, calculated using the weighted average method. Our inventory balances include all costs incurred to deliver inventory to our distribution facilities, such as inbound freight, import duties and tariffs. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. We make ongoing estimates relating to the net realizable value of inventories based upon our assumptions about future demand and market conditions. Obsolete or slow-moving inventory is written down to estimated net realizable value. Acquired inventory is fair valued using a mix of cost, comparative sales and market approaches.

Inventory obsolescence expense is recorded to cost of goods sold on the consolidated statements of operations and comprehensive income (loss) and was 2.0 million and nominal for the years ended December 31, 2023, 2022 and 2021 respectively

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 using a mix of cost, comparative sales and market approaches. 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:

	Useful Life
Computers, software, and other equipment	3 Years
Machinery	5 - 10 Years
Leasehold improvements	Shorter of lease term or 10 Years
Furniture and fixtures	5 Years
Buildings	29 - 40 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 1st 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, net

Intangible assets are comprised of brands, trademarks, developed technology, customer relationships, patents and proprietary software and are recorded at their estimated fair values at the date of acquisition. Acquired definite-lived intangible assets are valued using an excess earnings method for customer related intangibles and a relief from royalty method for tradenames and patents, and intangibles 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:

	Useful Life
Brand	10-15 Years
Trademarks	5-15 Years
Customer relationships	6-15 Years
Developed technology	6 Years
Patents	8-10 Years
Proprietary software	3 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 also leases warehouse picking robots under financing leases. 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.

Right-Of-Use Asset ("ROU")

The 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. 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. The Company records its operating ROU assets in operating lease right-of-use assets, its current operating lease liabilities in accrued expenses and other current liabilities and its non-current operating lease liabilities in operating lease liabilities. The Company records its finance ROU assets in other non-current assets, its current finance lease liabilities in accrued expenses and other current liabilities and its non-current finance lease liabilities in other non-current liabilities.

Operating lease ROU assets are amortized on a straight-line basis and included within selling, general and administrative expense, along with the lease expense for the lease liability. Finance lease ROU assets are amortized on a straight-line basis over the lease term and included in depreciation and amortization expenses, while interest expense on the finance lease liability is included in interest expense, net.

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 for operating leases 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.

Variable Interest Entities

The Company evaluates its ownership, contractual and other interests in entities to determine if it has a variable interest in an entity and if it is the primary beneficiary. These evaluations are complex and involve judgment and the use of estimates and assumptions based on available historical and prospective information, among other factors. If the Company determines that entities for which the Company holds a contractual or ownership interest in are variable interest entities ("VIE") and that the Company is the primary beneficiary, the Company consolidates such entities in the consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (1) has the power to make decisions that most significantly affect the economic performance of the VIE and (2) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Periodically, the Company determines whether any changes in the interest or relationship with the entity impacts the determination of whether the Company is still the primary beneficiary. If the Company is not deemed to be the primary beneficiary in a VIE, the Company accounts for the investment or other variable interests in a VIE in accordance with applicable GAAP.

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. These revenue transactions comprise a single performance obligation satisfied through the transfer of control of promised goods to the customers, based on the terms of sale. The transfer of control typically occurs at a point in time based on consideration of when the customer has an obligation to pay for the goods, and physical possession of, legal title to, and risk and rewards of ownership has been transferred, and the customer has accepted the goods.

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 creditworthiness and the contract terms 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, rebates, and sales incentive programs, are deducted from gross sales in determining net sales at the time revenues are recorded. 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. We determine these estimates based on historical experience and trends. We elected to account for shipping costs as fulfillment activities, and not as separate performance obligations. Net sales include shipping costs charged to the customer with the related shipping expense recognized in selling, general and administrative expenses when the revenue is recognized. Sales taxes collected from customers are excluded from net sales, which are remitted to government authorities.

Sales Rebates, Returns and Allowances

Sales rebates are recorded when the Company initiates sales campaigns within the wholesale network in order to maintain the margin requirements for our wholesale partners. 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. These amounts are included in net sales on the consolidated statements of operations and comprehensive income (loss).

Total sales returns and allowances were $14.7 million, $14.8 million and $11.6 million for the years ended December 31, 2023, 2022 and 2021 respectively.

Total sales rebates were $5.8 million, $1.0 million and a nominal amount for the years ended December 31, 2023, 2022 and 2021 respectively.

Barter Arrangements

Barter transactions with commercial substance are recorded at the estimated fair value of the products exchanged, unless the products and/or services received have a more readily determinable estimated fair value. Revenue associated with barter transactions is recorded upon shipment of the inventory consistent with the Company's standard shipping terms.

Deferred Revenue

Deferred revenue 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 deferred revenue 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 cost of our products from our third-party manufacturers, inbound freight and duties, costs related to manufacturing of certain of our products, product quality testing and inspection 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 deferred until the underlying advertisement is shown. These costs are included in selling, general, & administrative expenses on the consolidated statements of operations and comprehensive income (loss).

Advertising expense was $96.9 million, $93.4 million and $74.5 million for the years ended December 31, 2023, 2022 and 2021, respectively.

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 was $0.7 million, $1.1 million and $0.3 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Other Operating Expenses

Other operating expenses consist of costs incurred for the initial public offering, secondary offering completed in May 2023, acquisition-related expenses, business optimization and expansion expenses, management transition costs.

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 cost of goods sold on the consolidated statements of operations and comprehensive income (loss).

Warranty expense was $0.7 million for the year ended December 31, 2023 and nominal for the years ended December 31, 2022 and 2021 respectively.

Net Income (Loss) Per Class A Common Stock

In the periods following the IPO, basic net income (loss) per Class A common stock is computed by dividing net income (loss) by the weighted average number of shares of Class A common stock outstanding during the period. Diluted net income (loss) per Class A common stock 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 June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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. Prior to adoption of this ASU, an allowance was not recognized until the losses were 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. The Company adopted this standard on January 1, 2023 using the modified retrospective transition approach to the beginning of the year of adoption. Based on the evaluation of potential financial statement impacts performed by management, the Company did not record an adjustment to opening retained earnings. The adoption of this standard is not expected to have a material impact on the Company’s consolidated financial statements. Additionally, the Company modified its accounting policy to conform with the requirements of the adoption of this standard.

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 U.S. GAAP to contracts, hedging relationships and other transactions affected 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. Due to the forthcoming discontinuation of LIBOR and under the relief provided by Topic 848, the Company modified the terms of its Revolving Credit Facility and Term Loan (as defined in the Company’s 2022 Form 10-K) by replacing references to LIBOR with references to the adjusted secured overnight financing rate (“SOFR”). The adoption of Topic 848 and the related modification to the agreements did not have a significant impact on the Company’s consolidated financial statements and disclosures. The Company did not have any other agreements or transactions that would be impacted by the adoption of Topic 848.

Recently Issued Accounting Pronouncements - Not Yet Adopted

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 adoption of this standard is not expected to have a material impact on the Company’s consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU amended the existing segment reporting requirements by requiring disclosure of the significant segment expenses based on how management internally views segment information and by allowing the disclosure of more than one measure of segment profit or loss, as well as by expanding the interim period segment requirements. The ASU also requires single-reportable segment entities to report the disclosures required under Topic 280. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15,

2024. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements, but will require certain additional disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, that requires presentation of specific categories of reconciling items, as well as reconciling items that meet a quantitative threshold, in the reconciliation between the income tax provision and the income tax provision using statutory tax rates. The ASU also requires disclosure of income taxes paid disaggregated by jurisdiction with separate disclosure of income taxes paid to individual jurisdictions that meet a quantitative threshold. The amendments in this accounting standard are effective for fiscal years beginning after December 15, 2024, on a prospective basis. Early adoption and retrospective application are permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements, but will require certain additional disclosures.

NOTE 3 – Revenue

The following table disaggregates our net sales by channel:

	Year Ended December 31,		
	2023	**2022**	**2021**
Net sales by channel			
Direct-to-consumer	$ 358,052	$ 423,412	$ 355,658
Wholesale	136,724	94,215	48,059
Total net sales	$ 494,776	$ 517,627	$ 403,717

NOTE 4 – Acquisitions

The following transactions were accounted for under the acquisition method of accounting for business combinations as governed by ASC 805, *Business Combinations*.

2023 Acquisitions

TerraFlame

On May 1, 2023, Solo Brands, LLC, a wholly-owned subsidiary of Holdings, entered into an Equity Purchase Agreement to acquire 100% of the voting equity interests in TerraFlame, that constitute a business for purposes of Accounting Standards Codification ("ASC") 805, Business Combinations, for total purchase consideration of $13.2 million, of which $5.5 million was cash paid at closing. The Company acquired TerraFlame to increase its brand and market share in the overall outdoor activities industry and penetrate the indoor fire and decor industry, as TerraFlame manufactures, markets, and sells fire features for both outdoor and indoor use.

The excess enterprise value of TerraFlame 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 to be achieved from expanding the Company's product offerings and other synergies related to the acquisition of TerraFlame. The primary factor that contributed to the recognition of goodwill was the expected future revenue growth of TerraFlame. As of December 31, 2023, the purchase price 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 consideration to the seller	$	5,456
Fair value of the earnout liability		2,617
Fair value of the post-closing payment liability		5,125
Total Purchase Consideration	$	13,198
Cash	$	286
Accounts receivable		421
Inventory		1,413
Property and equipment		4,510
Prepaid expenses and other assets		5
Intangible assets		5,600
Accounts payable and accrued liabilities		(913)
Deferred revenue		(33)
Total identifiable net assets		11,289
Goodwill		1,909
Total	$	13,198

Subsequent to the acquisition date and as required by ASC 805, the contingent consideration recorded as part of the acquisition was remeasured as of December 31, 2023. As a result of this remeasurement, the earnout contingent consideration was reduced by $2.6 million and the post-closing payment contingent consideration was increased by $0.7 million. The impacts of the remeasurement were recorded in selling, general and administrative expenses within the consolidated statements of operations and comprehensive income (loss) as of December 31, 2023.

Transaction related expenses incurred to date as a result of the acquisition of TerraFlame amounted to $0.5 million and are recorded in other operating expenses within the consolidated statements of operations and comprehensive income (loss).

Net sales of TerraFlame included in the Company's consolidated statements of operations and comprehensive income (loss) since the acquisition date for the years ended December 31, 2023 was $4.5 million and net income for the same period was $1.7 million.

IcyBreeze

On July 1, 2023, Solo Brands, LLC, a wholly-owned subsidiary of Holdings, entered into an Equity Purchase Agreement to acquire 100% of the voting equity interests in IcyBreeze, which constitutes a business for purposes of ASC 805, for total purchase consideration of $52.1 million. Cash paid at closing was $29.4 million, net of $7.8 million in cash acquired. The Company acquired IcyBreeze to pair a seasonally complimentary in-demand product in the outdoor activities industry to its current product portfolio, as IcyBreeze manufactures, markets, and sells portable air-conditioning products.

The excess enterprise value of IcyBreeze 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 to be achieved from expanding the Company's product offerings and other synergies related to the acquisition of IcyBreeze. The primary factor that contributed to the recognition of goodwill was the expected future revenue growth of IcyBreeze. As of December 31, 2023, the purchase price 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 consideration to the seller	$	37,180
Fair value of the earnout liability		14,897
Total Purchase Consideration	$	52,077
Cash	$	7,750
Inventory		5,232
Property and equipment		4,187
Prepaid expenses and other assets		26
Intangible assets		15,900
Accounts payable and accrued liabilities		(711)
Deferred revenue		(159)
Total identifiable net assets		32,225
Goodwill		19,852
Total	$	52,077

On July 11, 2023, the parties to the acquisition, Solo Brands, LLC and IcyBreeze, entered into that certain First Amendment to Equity Purchase Agreement, that, among other things, revised the terms of the contingent consideration, resulting in an acceleration of the payment of the contingent consideration to the effective date for aggregate consideration of $15.3 million, of which $9.4 million was paid in cash and the remaining $5.9 million paid in shares of the Company's Class A common stock. The difference between the fair value of the contingent consideration of $14.9 million and the payment amount of $15.3 million was recorded in selling, general and administrative expenses on the consolidated statements of operations and comprehensive income (loss) as of December 31, 2023.

Transaction related expenses incurred to date as a result of the acquisition of IcyBreeze amounted to $0.4 million and are recorded in other operating expenses within the consolidated statements of operations and comprehensive income (loss).

Net sales of IcyBreeze included in the Company's consolidated statements of operations and comprehensive income (loss) since the acquisition date for the years ended December 31, 2023 was $7.6 million and net loss for the same period was $2.8 million.

2021 Acquisitions

Oru

On May 3, 2021, Solo Brands, LLC, a wholly-owned subsidiary of Holdings, acquired 60% of the voting equity interests in 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

Acquisition-related costs, which include legal, accounting, and valuation fees, totaled $0.7 million in the Successor period for the year ended December 31, 2021, and were paid by the Company subsequent to the transaction date. These costs are included in other operating expenses on the consolidated statements of operations.

Net sales of Oru included in the Company's consolidated statements of operations and comprehensive income (loss) since the acquisition date for the years ended December 31, 2023, 2022 and 2021 was $22.7 million, $28.2 million and $19.9 million, respectively. Net loss for the 2023 period was $30.6 million and net income for the 2022 and 2021 periods was $2.8 million and $2.8 million, respectively.

ISLE

On August 2, 2021, Solo Brands, LLC, a wholly-owned subsidiary of Holdings, acquired 100% of the voting equity interests in 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

Acquisition-related costs, which include legal, accounting, and valuation fees, totaled $0.6 million in the Successor period for the year ended December 31, 2021, and were paid by the Company subsequent to the transaction date. These costs are included in other operating expenses on the consolidated statements of operations.

Net sales of ISLE included in the Company's consolidated statements of operations and comprehensive income (loss) since the acquisition date for the years ended December 31, 2023, 2022 and 2021 was $15.5 million, $17.8 million and $5.4 million, respectively, and net loss for the same periods was $4.6 million, $33.8 million and $7.1 million, respectively.

Chubbies

On September 1, 2021, Solo Brands, LLC, a wholly-owned subsidiary of Holdings, acquired 100% of the voting equity interests in 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, sportwear, 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

Acquisition-related costs, which include legal, accounting, and valuation fees, totaled $1.6 million in the Successor period for the year ended December 31, 2021, and were paid by the Company subsequent to the transaction date. These costs are included in other operating expenses on the consolidated statements of operations.

Net sales of Chubbies included in the Company's consolidated statements of operations and comprehensive income (loss) since the acquisition date for the years ended December 31, 2023, 2022 and 2021 was $101.6 million, $89.3 million and $16.4 million, respectively. Net income for the 2023 period was $9.1 million and net loss for the 2022 and 2021 periods was $0.1 million and $8.1 million, respectively.

The table below summarizes the aggregate amount of net sales and net income (loss) attributable to Solo Brands, Inc. for the 2021 and 2023 acquisitions for the years ended December 31, 2023, 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 significant acquisitions had occurred as of January 1, 2021.

	Year Ended December 31,		
	2023	**2022**	**2021**
	(Actuals)	**(Actuals)**	**(Pro-Forma) (Unaudited)**
Net sales			
Acquisitions	$ 151,991	$ 135,256	$ 121,273
Net income (loss) attributable to Solo Brands, Inc.			
Acquisitions	$ (16,101)	$ (20,488)	$ (20,349)

Pro-forma net sales, if combined with the net sales of Solo Brands, Inc., for the year 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:

	December 31, 2023	December 31, 2022
Finished products on hand	$ 83,755	$ 112,126
Finished products in transit	21,488	16,589
Raw materials	6,370	4,275
Inventory	$ 111,613	$ 132,990

NOTE 6 – Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	December 31, 2023	December 31, 2022
Non-trade receivables	$ 8,128	$ 1,110
Inventory	4,961	2,882
Tax receivable	2,619	2,825
Insurance	1,996	2,288
Other	4,189	3,534
Prepaid expenses and other current assets	$ 21,893	$ 12,639

NOTE 7 – Property and Equipment, net

Property and equipment, net consisted of the following:

	December 31, 2023	December 31, 2022
Machinery	$ 14,371	$ 7,736
Leasehold improvements	9,596	7,920
Buildings	5,345	—
Furniture and fixtures	1,548	769
Software and website development	1,500	954
Computer and other equipment	1,354	895
Land	1,090	—
Construction in progress	836	1,158
Property and equipment, gross	35,640	19,432
Accumulated depreciation and amortization	(9,481)	(4,266)
Property and equipment, net	$ 26,159	$ 15,166

Depreciation expense was $4.1 million, $3.3 million and $0.7 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Depreciation related to the tooling used to manufacture fire pits is included within cost of goods sold, rather than in depreciation and amortization expense, both of which are included in the consolidated statements of operations and comprehensive income (loss). Depreciation for the tooling was $0.8 million for the year ended December 31, 2023 and nominal for the years ended December 31, 2022 and 2021.

The Company capitalized $0.6 million, $0.5 million and $0.4 million in software and website development costs during the years ended December 31, 2023, 2022, and 2021, respectively. Capitalized software and website development costs are included in property and equipment, net on the consolidated balance sheets. Amortization of capitalized software and website development casts was $0.4 million, $0.3 million and $0.1 million for the years ended December 31, 2023, 2022, and 2021, respectively, and included in depreciation and amortization expenses on the consolidated statements of operations and comprehensive income (loss).

NOTE 8 – Intangible Assets, net

Intangible assets, net consisted of the following:

	December 31, 2023	December 31, 2022
Gross carrying value		
Brand	$ 205,614	$ 196,114
Trademarks	26,714	33,566
Customer relationships	31,128	28,605
Developed technology	—	17,871
Patents	12,761	2,883
Intangible assets, gross	276,217	279,039
Accumulated amortization and impairments		
Brand	(42,608)	(29,146)
Trademarks[1]	(4,171)	(5,957)
Customer relationships	(7,084)	(4,542)
Developed technology	—	(4,255)
Patents	(1,344)	(507)
Accumulated amortization, gross	(55,207)	(44,407)
Intangible assets, net	$ 221,010	$ 234,632

[1] 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 9, Goodwill for additional 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.

In the fourth quarter of 2023, as a result of the Company's identification of triggering events to perform an interim quantitative goodwill impairment test (see Note 9, 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 the following triggering events for the Company's held and used long-lived asset groups:

- A significant decline in performance of the Solo Stove and ISLE reporting units in comparison to previous forecasts for the fourth quarter of 2023;
- Changes in management, with the departure of the CFO in the fourth quarter of 2023 and release and replacement of the CEO after year end December 31, 2023, however, in relative proximity to the fourth quarter of 2023,This change in management resulted in a shift of investment within each of our brands, inclusive of a reduction in investment for Oru; and
- A significant decline in share price of the Company's Class A common stock in relative proximity to the fourth quarter of 2023.

As a result of the identified triggering events, the Company reviewed the undiscounted future cash flows for the identified long-lived asset groups, and the results of the analysis indicated the carrying amounts for the long-lived asset groups of Oru and ISLE were not expected to be recovered. The Company estimated the fair value of the asset group of both Oru and ISLE and determined that other than the intangible asset(s), the remaining assets were materially stated and not subject to impairment. The fair value of both the Oru and ISLE reporting units were then compared to the carrying value of the long-lived asset group at each reporting unit, resulting in nominal value assigned to the existing intangible asset(s). The Company recorded an aggregate $13.4 million impairment charge to the intangible assets of Oru and a $0.8 million impairment charge to the Trademark intangible asset of ISLE as of December 31, 2023. These impairment charges were 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 the intangible assets of Oru and ISLE. As of December 31, 2023, there was no further value attributed to the intangible assets of Oru or ISLE, resulting in the useful lives of the intangible assets for both reporting units being fully depleted. This change does not have a material impact to amortization expense in any future year.

Amortization expense was $22.0 million, $21.0 million and $17.5 million for the years ended December 31, 2023, 2022 and 2021, respectively.

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

Years ending December 31,	Amount
2024	$ 19,700
2025	19,700
2026	19,700
2027	19,700
2028	19,700
Thereafter	122,510
Total future amortization expense	$ 221,010

NOTE 9 – Goodwill

The carrying value of goodwill was as follows:

Balance, December 31, 2021	$ 410,559
Impairment losses	(27,901)
Balance, December 31, 2022	382,658
Acquisitions	21,761
Impairment losses	(234,771)
Balance, December 31, 2023	$ 169,648

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).

In the third quarter of 2023, the Company identified a triggering event 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 event was an adverse change in the plan for each brand approved by the board of directors, 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 determined that the fair value exceeded the carrying value for each reporting unit. As such, the interim quantitative test did not result in a goodwill impairment for the Company's reporting units. Per the accounting policy in Note 2, Significant Accounting Policies, the Company completed its annual goodwill impairment test as of October 1, 2023. Due to the proximity of the quantitative analysis performed as of the third quarter of 2023, we performed a qualitative analysis of our goodwill and determined that there were no indicators of impairment. This assessment was made based on relevant information, including applicable facts and circumstances, known as of the goodwill impairment assessment date. As a result of the non-persistent nature of the triggering events and the lack of impairment indicators identified through the qualitative assessment performed, as of October 1, 2023, we determined it was more likely than not that the fair value of our reporting units exceeded their carrying values and, as such, we did not record goodwill impairment for our reporting units.

In the fourth quarter of 2023, subsequent to the Company's annual goodwill impairment analysis, the Company identified goodwill impairment indicators indicating the fair value of one or more of our reporting units more likely than not did not exceed their carrying values. The goodwill impairment indicators observed were as follows:

- A significant decline in performance of the Solo Stove and ISLE reporting units in comparison to previous forecasts for the fourth quarter of 2023;
- Changes in management, with the departure of the CFO in the fourth quarter of 2023 and release and replacement of the CEO after year end December 31, 2023, however, in relative proximity to the fourth quarter of 2023,This change in management resulted in a shift of investment within each of our brands, inclusive of a reduction in investment for Oru; and
- A significant decline in share price of the Company's Class A common stock after year end December 31, 2023, however, in relative proximity to the fourth quarter of 2023.

As a result of the goodwill impairment indicators noted above, the Company determined it appropriate to perform an interim quantitative goodwill impairment test for all of its reporting units as of December 31, 2023.

For the quantitative goodwill impairment analysis performed as of December 31, 2023, the Company 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, 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, EBITDA margins, consideration of industry and market conditions, terminal growth rates 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, which ranged from 16.0% to 19.9%. 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.

As a result of the quantitative goodwill impairment test performed as of December 31, 2023, the Company determined that the carrying amounts of the Solo Stove, Oru and ISLE reporting units exceeded their fair values and goodwill impairment charges were recognized at each. The remaining reporting units were determined to have fair values exceeding their book values by more than 10%. The following table presents the goodwill impairment charges and remaining goodwill by reporting unit:

Reporting Unit	Impairment Charge ($)	Remaining Goodwill ($)
Solo Stove	214,327	76,677
Oru	18,781	—
ISLE	1,663	—

The impairment was driven by the significant decline in performance of the Solo Stove, Oru and ISLE reporting units in comparison to previous forecasts primarily due to lower net sales resulting from new product launches that were not as successful as those in the prior year, coupled with less effective marketing campaigns, as well as the decline in market capitalization driven by the decline in share price. The impairment charges were recorded to impairment charges on the consolidated statements of operations and comprehensive income (loss).

The fair value determination of the Company's reporting units and goodwill is judgmental in nature and require the use of estimates and assumptions that are sensitive to changes. Assumptions include estimation of the estimation of future revenue and projected margins, which are dependent on internal cash flow forecasts, estimation of the terminal growth rates and capital spending, and determination of discount rates. Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, market EBITDA comparables and credit ratings. While the Company believes it has made reasonable estimates and assumptions to calculate the fair value of the reporting units, it is possible a material change could occur. As a result, there can be no assurance that the estimates and assumptions made for purposes of the quantitative goodwill and indefinite-lived intangible impairment tests will prove to be an accurate prediction of future results.

NOTE 10 – Accrued Expenses and Other Current Liabilities

Significant accrued expenses and other current liabilities were as follows:

	December 31, 2023	December 31, 2022
Inventory	$ 14,780	$ 7,543
Leases	7,575	6,889
Payroll	6,451	6,999
Marketing	5,936	451
Non-income taxes	5,374	6,163
Shipping costs	3,747	3,607
Allowance for sales returns	3,316	3,937
Allowance for sales rebates	3,074	—
Income taxes	2,782	5,490
Other	2,120	2,298
Accrued expenses and other current liabilities	$ 55,155	$ 43,377

NOTE 11 – Long-Term Debt

Long-term debt consisted of the following:

	Weighted-Average Interest Rate at December 31, 2023	December 31, 2023	December 31, 2022
Term loan	6.49 %	$ 91,250	$ 96,250
Revolving credit facility	6.59 %	60,000	20,000
Unamortized debt issuance costs		(2,007)	(2,867)
Total debt, net of debt issuance costs		149,243	113,383
Less current portion of long-term debt		6,250	5,000
Long-term debt, net		$ 142,993	$ 108,383

Long-term debt, net approximates fair value and is valued using Level 2 inputs within the fair value hierarchy, as defined in Note 2, Significant Accounting Policies, in this Annual Report. See Note 17, Fair Value Measurements of this Annual Report for more information regarding the fair value considerations for long-term debt, net.

Interest expense related to long-term debt was $11.0 million, $6.3 million and $10.1 million for the years ended December 31, 2023, 2022 and 2021, respectively.

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, with $0.6 million of letters of credit issued and outstanding as of December 31, 2023. 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, 2023, was based on SOFR. Interest is due, at a minimum, on a quarterly basis, with principal not due until maturity under the Revolving Credit Facility. During the year ended December 31, 2023 the Company made draws of $70.0 million and payments of $30.0 million under the Revolving Credit Facility. Availability for future draws on the Revolving Credit Facility was $289.4 million and $329.4 million as of December 31, 2023 and 2022, respectively.

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, 2023 was based on SOFR. 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, 2023.

As of December 31, 2023, the future maturities of principal amounts of our total debt obligations, excluding lease obligations (see Note 13 for future maturities of lease obligations), for the next five years and in total, consists of the following:

Years Ending December 31,	Amount
2024	$ 6,250
2025	10,625
2026	134,375
Total	$ 151,250

NOTE 12 – Other Non-Current Liabilities

Significant other non-current liabilities were as follows:

	December 31, 2023	December 31, 2022
Contingent consideration	$ 5,794	$ —
Accrued advertising	5,420	—
FIN 48 liability	1,309	—
Finance lease liability	1,011	—
Other	—	205
Other non-current liabilities	$ 13,534	$ 205

NOTE 13 – 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:

	Classification in Consolidated Balance Sheets	December 31, 2023	December 31, 2022
Right-of-use assets, net			
Operating leases	Operating lease right-of-use assets	$ 30,788	$ 34,259
Finance leases	Other non-current assets	1,689	—
Total right-of-use assets, net		$ 32,477	$ 34,259
Current lease liabilities			
Operating leases	Accrued expenses and other current liabilities	$ 7,276	$ 6,889
Finance leases	Accrued expenses and other current liabilities	299	—
Long-term lease liabilities			
Operating leases	Operating lease liabilities	24,648	29,133
Finance leases	Other non-current liabilities	1,011	—
Total lease liabilities		$ 33,234	$ 36,022

The components of lease expense were as follows:

	Year Ended December 31,	
	2023	2022
Operating lease right-of-use expense	$ 8,373	$ 6,890
Finance lease expense:		
Amortization of assets	126	—
Interest on lease liabilities	36	—
Total finance lease expense	162	—
Variable and short-term lease expense	2,412	1,446
Sublease income	(927)	(212)
Total lease expense	$ 10,021	$ 8,124

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

	December 31, 2023	December 31, 2022
Weighted average remaining lease term (years)		
Operating leases	4.26	5.05
Finance leases	4.43	—
Weighted average discount rate		
Operating leases	3.08 %	2.66 %
Finance leases	6.15 %	— %

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

	Year Ended December 31,	
	2023	2022
Cash outflows for amounts included in the measurement of lease liabilities		
Operating cash outflows from operating leases	$ 8,322	$ 5,676
Financing cash outflows from finance leases	379	—
Lease right of use assets obtained in exchange for lease obligations		
Operating leases	3,316	14,797
Finance leases	1,815	—

Future maturities of lease liabilities at December 31, 2023 are presented in the following table:

Years Ending December 31,	Operating Leases	Finance Leases
2024	$ 8,787	$ 379
2025	8,705	379
2026	7,299	379
2027	5,392	379
2028	3,438	—
Thereafter	1,316	—
Total lease payments	34,937	1,516
Less: imputed interest	3,013	206
Present value of lease liabilities	$ 31,924	$ 1,310

As of December 31, 2023, the Company had entered into lease agreements for an additional six retail store fronts with an estimated aggregate ROU asset of $6.2 million, which have not yet commenced. These leases are expected to commence in 2024 with lease terms of 7 to 10 years.

NOTE 14 – Equity-Based Compensation

Summary of Equity-Based Compensation Expense

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

	Year Ended December 31,		
	2023	2022	2021
Common units	$ 10,577	$ 13,616	$ 6,646
Restricted stock units	4,111	3,626	553
Performance stock units	(529)	628	—
Stock options	558	657	130
Employee stock purchase plan	68	71	—
Total equity-based compensation	**$ 14,785**	**$ 18,598**	**$ 7,329**

The following table summarizes the Company's total unrecognized equity-based compensation as of December 31, 2023:

	Unrecognized Equity-Based Compensation
Common units	$ 843
Restricted stock units	9,735
Stock options	1,728
Total unrecognized equity-based compensation	**$ 12,306**

Excess tax benefits (detriments) related to equity-based compensation were $(0.5) million and $(0.4) million for the years ended December 31, 2023 and 2022, with no corresponding amount in 2021.

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.

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 2022.

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:

	2020
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 common units is as follows for the periods indicated (in thousands, except per share data):

	Outstanding Common Units	Weighted Average Grant Date Fair Value Per Unit	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
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	1.16	$ 15,655
Granted	—	—		—
Forfeited/canceled	(73)	10.06		(736)
Vested	(890)	14.39		(12,804)
Unvested, December 31, 2023	230	$ 9.19	1.03	$ 2,115
Exercisable, December 31, 2023[(1)]	—	$ —		$ —

[(1)] Note there were performance and service-based units that vested by December 31, 2023. 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 2023, 2022 and 2021 was $12.8 million, $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. As of December 31, 2023, 15,580,013 shares of Class A common stock were authorized under the Incentive Award plan.

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.

In limited circumstances, the Company has and will grant RSUs that vest on a shortened timeline than those noted above, at the discretion of the plan administrator.

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, 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
Granted	595	4.73
Vested and converted to shares	(539)	8.09
Forfeited/canceled	(478)	6.53
Outstanding, December 31, 2023	1,363	$ 4.50

The total fair value of RSUs vested and converted into shares during 2023 and 2022 was $4.4 million and $2.9 million, respectively, with no vestings having occurred in 2021.

Performance Stock Units

In October 2022 and subsequent to, the Company has 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, December 31, 2023, the PSUs will be automatically forfeit.

In limited circumstances, the Company has and will grant PSUs with differing targets and/or vesting periods than those noted above, at the discretion of the plan administrator.

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
Granted	131	5.37
Vested and converted to shares	(18)	5.49
Forfeited/canceled	(312)	3.88
Outstanding, December 31, 2023	1,097	$ 4.01

As of December 31, 2023, the Company assessed the likelihood of achieving the internally-derived performance target for the PSUs granted in October 2022 and determined that it was not probable to be achieved. As such, the equity-based compensation recognized from the grant date through the date of assessment, or December 31, 2023, was reversed. Additionally, the expense recognized to date for the PSUs related to the October 2022 grant date was de-recognized as of the date of assessment.

The total fair value of PSUs vested and converted into shares during 2023 was $0.1 million, with no vestings having occurred in 2022 or 2021.

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 [1]
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 convertible to shares	(62)	8.71	17.00		
Unvested, December 31, 2022	687	$ 4.34	$ 8.29	4.98	$ —
Granted	1	6.16	17.00		
Forfeited or expired	(321)	3.96	6.70		
Vested and convertible to shares	(159)	3.96	8.99		
Unvested, December 31, 2023	208	$ 5.23	$ 10.21	4.80	$ —
Exercisable, December 31, 2023	221	$ 5.29	$ 11.23	—	$ 62.1

[1] 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 %
Expected term	10	10
Expected volatility	40.5% - 40.7%	37.0 %

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 Class A 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, 2023, 2,097,479 shares of Class A common stock were authorized for sale under the ESPP and awards with respect to 155,944 shares of Class A common stock have been issued under the ESPP.

NOTE 15 – Income Taxes

Provision for Income Taxes

Income (loss) before income taxes was as follows:

	Year Ended December 31,		
	2023	2022	2021
Domestic	$ (233,707)	$ (7,729)	$ 59,741
Foreign	2,150	1,110	(1,221)
Total income (loss) before income taxes	$ (231,557)	$ (6,619)	$ 58,520

The provision (benefit) for income taxes comprises:

	Year Ended December 31,		
	2023	2022	2021
Current income tax expense:			
Federal	$ 8,834	$ 9,223	$ 4,208
State	1,684	2,008	956
Foreign	297	271	—
Total current income tax expense	$ 10,815	$ 11,502	$ 5,164
Deferred income tax (benefit) expense:			
Federal	(45,381)	(9,061)	(2,887)
State	(1,713)	(1,437)	(252)
Foreign	54	(3)	—
Total deferred income tax benefit	(47,040)	(10,501)	(3,139)
Total income tax expense	$ (36,225)	$ 1,001	$ 2,025

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:

	Year Ended December 31,					
	2023		2022		2021	
Income tax (benefit) provision at the federal statutory rate of 21%	21.0%	$ (48,627)	21.0%	$ (1,390)	21.0%	$ 12,289
State income tax expense, net of federal benefit	0.9%	(1,993)	(15.4)%	1,022	0.8%	442
Income (loss) attributable to non-controlling interests	(6.8)%	15,672	(11.7)%	775	(19.0)%	(11,117)
Undistributed earnings of subsidiaries	(0.5)%	1,228	(8.8)%	580	—%	—
Equity-based compensation	(0.2)%	496	(6.1)%	403	—%	—
Change in valuation allowance	3.2%	(7,323)	(5.9)%	388	0.5%	315
Foreign tax rate differential	—%	104	(1.0)%	69	(0.1)%	(59)
Impairment	(1.7)%	3,944	—%	—	—%	—
Permanent differences, net	—%	(19)	0.8%	(56)	0.3%	201
Other adjustments	0.5%	(1,195)	1.6%	(103)	(0.1)%	(46)
Change in state tax reserves	(0.2)%	511	—%	—	—%	—
Change in tax rates	(0.4)%	977	10.4%	(687)	—%	—
Total income tax expense	15.6%	$ (36,225)	(15.1)%	$ 1,001	3.4%	$ 2,025

The Company’s effective income tax rates for the years ended December 31, 2023, 2022 and 2021 were 15.6%, (15.1)% and 3.4%, respectively. The decrease in the amount of income tax expense from the years ended December 31, 2023 and 2022 is primarily due to the current year goodwill and intangible asset impairments, see Note 8, Intangible Assets, net and Note 9, Goodwill for additional information, as well as the current year decrease in the valuation allowance. Additionally, for the year ended December 31, 2023, our effective tax rate was impacted by a decrease in the tax benefit of $3.9 million related to the non-deductible portion of the goodwill impairment charge for Oru.

Deferred Tax Assets and Liabilities

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

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Investment in partnership	$ —	$ 27,212
Net operating losses	546	590
Other	1,664	1,623
Total deferred tax assets	2,210	29,425
Valuation allowance	(770)	(26,892)
Net deferred tax assets	$ 1,440	$ 2,533
Deferred tax liabilities:		
Investment in partnership	(9,373)	(70,504)
Intangible assets	(8,895)	(13,787)
Property and equipment	(442)	(406)
Other	(49)	(457)
Total deferred tax liabilities	(18,759)	(85,154)
Net deferred tax liabilities	$ (17,319)	$ (82,621)

As of December 31, 2023, the Company has $0.3 million federal net operating losses ("NOLs") and has state NOLs of $0.3 million. The state NOLs will begin to expire in 2038. As of December 31, 2023, the Company has no foreign NOLs.

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 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 $41.3 million as of December 31, 2023 for the difference between the financial reporting basis and tax basis of this investment.

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. During the quarter ended September 30, 2023, the Company concluded, based on the weight of all available positive and negative evidence, that all of the partnership deferred tax assets are more likely than not to be realized. As a result, the remaining valuation allowance on the partnership deferred tax assets was released. There has been no change in the valuation allowance assessment related to the partnership deferred tax assets as of December 31, 2023. During the quarter ended December 31, 2023, Oru’s book goodwill and intangible assets were impaired as discussed in Note 8, Intangible Assets, net and Note 9, Goodwill, resulting in a net deferred tax asset for the Oru consolidated group. The Company evaluated and concluded that as of December 31, 2023, there was significant negative evidence related to the realizability of Oru’s deferred tax assets and the Company recorded a valuation allowance of $0.8 million and $26.9 million for the years ended December 31, 2023 and 2022, respectively.

The changes in gross unrecognized tax benefits are as follows:

	2023	2022	2021
Balance, beginning of year	$ —	$ —	$ —
Gross increases related to current year tax positions	511	—	—
Gross increases related to prior year tax positions	798	—	—
Balance, end of year	$ 1,309	$ —	$ —

The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense (benefit) on the consolidated statements of operations and comprehensive income (loss) and were nominal in any period presented.

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, 2023, 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, 2023, inclusive of interest, no payments were made to the members of Holdings pursuant to the Tax Receivable Agreement. As of December 31, 2023, there were no payments due under the Tax Receivable Agreement.

NOTE 16 – 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, 2023 and December 31, 2022.

NOTE 17 – 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:

		Fair Value Measurements		
December 31, 2023	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities:				
Long-term debt, net	$ 142,993	$ —	$ 142,993	$ —
Contingent Consideration	5,794	—	—	5,794

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

There were no transfers between the valuation hierarchy Levels 1, 2 and 3 for years ended December 31, 2023 and 2022.

Liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

December 31, 2023	**Contingent Consideration**
Beginning balance	$ —
Additions	22,639
Total change in fair value gain (loss) included in earnings	(1,573)
Payments	(15,272)
Ending Balance	**$ 5,794**

The contingent consideration as of December 31, 2023 consists of an earnout and post-closing payment, resulting from acquisition activity in 2023 and rely on forecasted results through the expected earnout and post-closing payment periods. The fair value of the earnout is valued using a Monte Carlo simulation and the fair value of the post-closing payment is valued using a threshold and cap (capped call) structure. These contingent considerations represent stand-alone liabilities that are measured at fair value on a recurring basis each reporting date using inputs that are unobservable and significant to the overall fair value measurement and are considered a level 3 estimate. See Note 4, Acquisitions for additional information. The contingent consideration liabilities are recorded in accrued expenses and other current liabilities and other non-current liabilities on the consolidated balance sheets. Changes in fair value of contingent consideration are recorded in selling, general and administrative expenses.

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 8, Intangible Assets, net, and Note 9, Goodwill, for additional discussions of the Company's impairment analyses.

During the fourth quarter of 2023, the Company recorded impairment charges of $234.8 million and $14.2 million for goodwill and 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 8, Intangible Assets, net, and Note 9, Goodwill, for additional discussions of the Company's impairment analyses. There were no other nonrecurring fair value measurements during the years ended December 31, 2023 and 2022.

The Company's financial instruments consist primarily of cash, accounts receivable, accounts payable, contingent consideration 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.

NOTE 18 – Equity

Class A Common Stock

During the year ended December 31, 2023, pursuant to the Stock Purchase Agreements, dated as of May 10, 2023 and July 12, 2023, by the Company and the selling stockholders party thereto, the Company repurchased 5,605,509 and 627,286 shares of its Class A common stock for

$28.0 million and $3.1 million, respectively, which shares were subsequently retired in accordance with resolutions of the Board of Directors', which is classified as a non-cash financing activity within the statements of cash flows.

As of December 31, 2023, the Company has 468,767,205, shares of Class A common stock, par value $0.001 per share, authorized, a decrease from the balance as of December 31, 2022 of 475,000,000, as a result of the repurchase and retirement of an aggregate of 6,232,795 shares as of December 31, 2023. Holders of Class A common stock are entitled to one vote per share on all matters presented to the stockholders in general. 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 14).

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 19 – Net Income (Loss) Per Class A Common Stock

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.

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 Company's Class A common stock (in thousands, except per share data):

	Year Ended December 31,		
	2023	2022	2021
Net income (loss)	$ (195,332)	$ (7,620)	$ 56,495
Less: Net income (loss) earned by controlling members prior to the Reorganization Transactions	—	—	37,963
Less: Net income (loss) attributable to non-controlling interests	(83,985)	(2,675)	7,841
Net income (loss) attributable to Solo Brands, Inc.	$ (111,347)	$ (4,945)	$ 10,691
Weighted average shares of Class A common stock outstanding - basic and diluted	60,501	63,462	63,011
Net income (loss) per share of Class A common stock outstanding - basic and diluted	$ (1.84)	$ (0.08)	$ 0.17

During the years ended December 31, 2023 and 2022, 0.2 million and 0.7 million options, respectively, and 0.8 million and 1.8 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 performance stock units and 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.

NOTE 20 - Barter Arrangements

During the year ended December 31, 2023, the Company entered into a trade credit agreement with a third-party vendor, whereby the Company provided inventory in exchange for trade credits to be used for purchases of media advertising with the third-party provider. The Company exchanged $7.2 million of inventory for trade credits during the year ended December 31, 2023. As of December 31, 2023, the Company had fully recognized the $7.2 million as a part of net sales.

As of December 31, 2023, The Company had $7.2 million of unused trade credits remaining, which are included in other non-current assets on the consolidated balance sheets.

NOTE 21 - Variable Interest Entities

As of December 31, 2023 and 2022, we consolidated one entity that is a VIE, that relates to a manufacturing entity for Oru, for which we are the primary beneficiary. Through a management agreement governing the entity, we manage the entities and handle all day-to-day operating decisions. Accordingly, we have the decision-making power over the activities that most significantly impact the economic performance of our VIE and an obligation to absorb losses or receive benefits from the VIE that could potentially be significant to the VIE. These decisions and significant activities include, but are not limited to, manufacturing schedules, production processes, units of production and types of products. The Company is contractually obligated to provide financial support to the VIE.

Total assets of the VIE included on the consolidated balance sheet as of December 31, 2023 and 2022 were $3.7 million and $2.2 million, respectively. Total liabilities of the VIE included on the consolidated balance sheets as of December 31, 2023 and 2022 were $3.9 million and $2.5 million, respectively.

The VIE's assets may only be used to settle the VIE's obligations and may not be used for other consolidated entities. The VIE's liabilities are non-recourse to the general credit of the Company's other consolidated entities.

NOTE 22 - Subsequent Events

Effective January 15, 2024, the Company entered into a Separation and Release of Claims Agreement ("Release Agreement") with John Merris, in which Mr. Merris resigned as a full-time employee, officer and director of the Company. Simultaneously, the Company's board of directors appointed Christopher T. Metz, CEO and Director of the Board.

Pursuant to the Release Agreement, the Company has agreed to pay Mr. Merris (i) $0.7 million in severance payments paid over 12 months from separation and (ii) reimburse all COBRA healthcare premiums incurred post-employment until coverage is no longer available.

Effective February 5, 2024, the Company's board of directors appointed Laura Coffey, CFO. Simultaneously, Andrea Tarbox, Interim CFO was relieved of her role and reappointed as the audit chair on the Company's board of directors.

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, 2023, our disclosure controls and procedures were ineffective.

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, 2023. 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).

A "material weakness" is a deficiency or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Based on that assessment, management concluded that as of December 31, 2023, the Company's internal control over financial reporting was ineffective.

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

During the fourth quarter of 2023, a material weakness in our internal control over financial reporting was identified related to the lack of timely execution of controls within the financial statement close process and the lack of sufficient resources within the Company's accounting function. Subsequently, the Company hired experienced C-Suite personnel to fill vacated positions, including a Chief Accounting Officer and Chief Financial Officer with extensive public company and financial reporting experience. Additionally, due in part to the addition of the new management personnel, the Company implemented an enhanced control environment over the financial statement close process and certain areas deemed likely to be at higher risk for the potential of misstatement. As of December 31, 2023, we finalized the design and implementation of the controls to address the material weakness. We expect to demonstrate the operating effectiveness of these controls and completely remedy the material weakness within the first half of 2024.

Other than as stated in the previous paragraph, there were no changes in our internal control over financial reporting (as such term is 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, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

(a) None.
(b) During the three months ended December 31, 2023, no director or "officer" (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

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)
Executive Officers		
Chris Metz	58	President, Chief Executive Officer and Director
Laura Coffey	57	Chief Financial Officer
Kent Christensen	44	General Counsel
Non-Employee Directors		
Matthew Guy-Hamilton	40	Director
Paul Furer	38	Director
Andrea K. Tarbox	73	Director
Julia M. Brown	54	Director
Marc Randolph	65	Director
Michael C. Dennison	56	Director
David Powers	57	Director

Executive Officers

Chris Metz. Mr. Metz has served as our President and Chief Executive Officer, and a member of our board of directors since January 2024. Prior to his time with the Company, Mr. Metz served as President and Chief Executive Officer of Vista Outdoor Inc. (NYSE:VSTO), a designer, manufacturer, and marketer of outdoor sports and recreation products from October 2017 to March 2023. Prior to Vista Outdoor Inc., Mr. Metz served as President and Chief Executive Officer of Arctic Cat Inc., a manufacturer of all-terrain vehicles and snowmobiles, from December 2014 to March 2017. Mr. Metz also serves on the board of Central Garden & Pet Company, a producer and distributor of lawn, garden, and pet supplies. Mr. Metz graduated from the University of Delaware with a BS in Business Administration and Management in 1987 and from the University of North Carolina with a Master of Business Administration in 1992. Mr. Metz has been selected to serve as a director based on his extensive experience and proven leadership, strategic decision making, and business performance as well as on his experience as a chief executive officer.

Laura Coffey. Ms. Coffey has served as our Chief Financial Officer since February 2024. Prior to her time with the Company, Ms. Coffey served as the CFO for The Vitamin Shoppe, Inc. (NYSE: VSI), a nutritional supplement retailer from June 2020 until June 2023. Prior to the Vitamin Shoppe, Ms. Coffey worked at Pier 1 Imports, Inc., a national home furnishing and décor retailer, for 23 years, where she held various senior leadership roles including executive vice president for e-commerce and business development and interim chief financial officer. Ms. Coffey currently serves on the board, executive committee and as the chair of the audit committee of Community National Bank & Trust of Texas. Ms. Coffey graduated from the University of Texas at Arlington with a BBA in Business Administration and Accounting."

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 Partner 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, and served as the Company's interim Chief Financial Officer from December 10, 2023 until February 5, 2024. 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 (formerly NYSE: LOKB), from December 2020 until October 2021 and as Chief Financial Officer and a member of the board of directors of Live Oak Acquisition Corp. (formerly 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, a multinational confections company, 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 Ocado Group (LSE:OCDO), an online grocery market technology and automation company, Perrigo Company, PLC (NYSE: PRGO) a manufacturer of private label over-the-counter pharmaceuticals, and Molson Coors Beverage Company (NYSE: TAP), a brewing and beverage company. 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.solobrands.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.solobrands.com.

The remaining information required by this item will be included in our definitive proxy statement for our 2024 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 2024 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

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

The remaining information required by this item will be included in our definitive proxy statement for our 2024 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 2024 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 2024 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.

(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

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed / Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation of Solo Brands, Inc.	S-8	333-260826	4.1	11/5/2021	
3.2	Amended and Restated Bylaws of Solo Brands, Inc.	S-8	333-260826	4.2	11/5/2021	
4.1	Specimen Stock Certificate evidencing the shares of Class A Common Stock	S-1/A	333-260026	4.1	10/25/2021	
4.2	Stockholders Agreement	10-Q	001-40979	4.2	12/9/2021	
4.3	Registration Rights Agreement	10-Q	001-40979	4.3	12/9/2021	
4.4	Description of Securities	10-K	001-40979	4.4	3/30/2022	
10.1	Tax Receivable Agreement	10-Q	001-40979	10.1	12/9/2021	
10.2	Amended and Restated Limited Liability Company Agreement of Solo Stove Holdings, LLC	10-Q	001-40979	10.2	12/9/2021	
10.3+	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.	S-1	333-260026	10.5	10/4/2021	
10.4	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	S-1	333-260026	10.6	10/4/2021	
10.5	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	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	Amendment No. 3, dated as of May 22, 2023, to Credit Agreement, dated as of May 12, 2021, among Solo Brands, LLC (f/k/a Solo DTC Brands, 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	10-Q	001-40979	10.3	8/3/2023	
10.7#	Form of Indemnification Agreement by and between Solo Brands, Inc. and its directors and executive officers	S-1/A	333-260026	10.9	10/25/2021	
10.8	Form of Solo Stove Holdings, LLC and SS Management Aggregator, LLC Incentive Equity Agreement	S-1/A	333-260026	10.10	10/25/2021	
10.9	Form of Amendment to Solo Stove Holdings, LLC and SS Management Aggregator, LLC Incentive Equity Agreement	S-1/A	333-260026	10.11	10/25/2021	
10.10#	Solo Brands, Inc. 2021 Incentive Award Plan.	S-1/A	333-260026	10.12	10/25/2021	
10.11#	Form of Stock Option Agreement under the Solo Brands, Inc. 2021 Incentive Award Plan.	S-1/A	333-260026	10.13	10/25/2021	
10.12#	Form of Restricted Stock Unit Agreement under the Solo Brands, Inc. 2021 Incentive Award Plan	S-1/A	333-260026	10.14	10/25/2021	
10.13#	Form of Restricted Stock Agreement under the Solo Brands, Inc. 2021 Incentive Award Plan	S-1/A	333-260026	10.15	10/25/2021	
10.14#	Form of Performance Stock Unit Award under the Solo Brands, Inc. 2021 Incentive Award Plan	10-Q	001-40979	10.1	11/10/2022	
10.15#	Form of Restricted Stock Unit Agreement (Non-Employee Director) under the Solo Brands, Inc. 2021 Incentive Award Plan	S-1/A	333-260026	10.16	10/25/2021	
10.16#	Solo Brands, Inc. 2021 Employee Stock Purchase Plan	S-1/A	333-260026	10.17	10/25/2021	
10.17#+	Employee Agreement, dated as of October 9, 2020, by and between Solo DTC Brands, LLC and John Merris	S-1	333-260026	10.17	10/4/2021	
10.18#+	Employee Agreement, dated as of October 9, 2020, by and between Solo DTC Brands, LLC and Matt Webb	S-1	333-260026	10.18	10/4/2021	
10.19#+	Employee Agreement, dated as of October 9, 2020, by and between Solo DTC Brands, LLC and Clint Mickle	S-1	333-260026	10.19	10/4/2021	
10.20#+	Employment Agreement, dated as of May 9, 2022, by and between Solo Brands, Inc., Solo Brands, LLC and Somer Webb	8-K	001-40979	10.1	5/12/2022	
10.21#+	Employee Agreement, dated as of October 9, 2020, by and between Solo DTC Brands, LLC and Kent Christensen	S-1	333-260026	10.21	10/25/2021	
10.22#+	Employment Agreement, dated as of September 1, 2021, by and between Solo DTC Brands, LLC and Kyle Hency	S-1/A	333-260026	10.22	10/25/2021	
10.23#+	Employment Agreement, dated as of September 1, 2021, by and between Solo DTC Brands, LLC and Thomas Montgomery	S-1/A	333-260026	10.23	10/25/2021	
10.24#+	Employment Agreement, dated as of September 1, 2021, by and between Solo DTC Brands, LLC and William Rainer Castillo	S-1/A	333-260026	10.24	10/25/2021	
10.25#+	Board Letter, dated as of October 1, 2021, by and between Solo Brands and Andrea Tarbox	S-1/A	333-260026	10.25	10/25/2021	
10.26#+	Board Letter, dated as of October 1, 2021, by and between Solo Brands and Julia Brown	S-1/A	333-260026	10.26	10/25/2021	
10.27#+	Board Letter, dated as of October 1, 2021, by and between Solo Brands and Marc Randolph	S-1/A	333-260026	10.27	10/25/2021	
10.28#+	Non-Employee Director Compensation Policy	10-Q	001-40979	10.3	8/11/2022	
10.29#	Separation and Release of Claims Agreement, dated May 20, 2022, by and between Solo Brands, LLC and Samuel Simmons	10-Q	001-40979	10.2	8/11/2022	
10.30#	Stock Purchase Agreement, dated May 10, 2023, between the Company and the Selling Stockholders.	8-K	001-40979	10.1	5/12/2023	
10.31	Underwriting Agreement, dated May 11, 2023, between the Company and BofA Securities, Inc. and Jefferies LLC	8-K	001-40979	1.1	5/12/2023	
10.32#	Stock Purchase Agreement, date July 12, 2023, between the Company and the Selling Stockholders.	8-K	001-40979	10.1	7/18/2023	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed / Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.33#	Separation and Release of Claims Agreement, dated March 31, 2023, by and between Solo Brands, LLC and Thomas Montgomery					*
10.34#	Separation and Release of Claims Agreement, dated December 10, 2023, by and between Solo Brands, LLC and Somer Webb					*
10.35#	Separation and Release of Claims Agreement, dated December 29, 2023, by and between Solo Brands, LLC and Clint Mickle					*
10.36#	Employment Agreement, dated as of January 3, 2024, by and between Solo Brands, Inc. and Chris Metz					*
10.37#	Employment Agreement, dated as of February 1, 2024, by and between Solo Brands, Inc, Solo Brands LLC and Laura Coffey					*
21.1	List of subsidiaries of Solo Brands, Inc.					*
23.1	Consent of Independent Registered Public Accounting Firm					*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.					**
97.1	Policy for Recovery of Erroneously Awarded Compensation					*
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 14, 2024

By: /s/ Chris Metz
Chris Metz
President and Chief Executive Officer
(Principal Executive Officer)

Date: March 14, 2024

By: /s/ Laura Coffey
Laura Coffey
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.

Name	Title	Date
/s/ Chris Metz **Chris Metz**	President, Chief Executive Officer and Director *(principal executive officer)*	March 14, 2024
/s/ Laura Coffey **Laura Coffey**	Chief Financial Officer *(principal financial officer)*	March 14, 2024
/s/ David McGuire **David McGuire**	Chief Accounting Officer *(principal accounting officer)*	March 14, 2024
/s/ Matthew Guy-Hamilton **Matthew Guy Hamilton**	Director	March 14, 2024
/s/ Paul Furer **Paul Furer**	Director	March 14, 2024
/s/ Andrea K. Tarbox **Andrea K. Tarbox**	Director	March 14, 2024
/s/ Julia M. Brown **Julia M. Brown**	Director	March 14, 2024
/s/ Marc Randolph **Marc Randolph**	Director	March 14, 2024
/s/ Michael C. Dennison **Michael C. Dennison**	Director	March 14, 2024
/s/ David Powers **David Powers**	Director	March 14, 2024

Exhibit A

SEPARATION AGREEMENT AND GENERAL RELEASE

I, Thomas Montgomery, in consideration of the performance by Solo Brands, LLC (collectively with its parent company, Solo Brands, Inc., the "Company"), of its obligations under the Employment Agreement, dated September 1, 2021 and as amended on October 3, 2022, between the Company and me (as amended from time to time, the "Agreement"), do hereby release and forever discharge as of the date hereof the Company and its affiliates, subsidiaries, and all present and former members, managers, directors, officers, agents, representatives, employees, attorneys, insurers, benefit plans, successors and assigns of the Company and its affiliates (collectively, the "Released Parties") to the extent provided below. Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement.

1. I understand that my employment with the Company will terminate on March 31, 2023 (the "Separation Date") and, as of the Separation Date, I will cease to be an employee of the Company. I acknowledge and agree that, as of the Separation Date, I hereby resign as Chief Digital Officer and as an employee of the Company and from all offices and positions I may hold at the Company's affiliates. For the avoidance of doubt, this resignation does not extend to my service on the Board of Foundation 43.

2. I understand and agree that I will not receive any Severance Benefits (a) unless I execute this Separation Agreement and General Release ("General Release"); (b) if I breach this General Release; or (c) if I breach any provision of Section 9 of the Agreement. Such payments will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or any of its affiliates. I also acknowledge and represent that I have received all payments and benefits that I am entitled to receive (as of the date hereof) by virtue of any employment by the Company.

3. The Base Salary as defined in the Agreement as of the Separation Date is $400,000 per annum.

4. It is agreed that the Severance Period will be for a period of 6 months beginning on April 1, 2023 and ending September 30, 2023. I agree to notify Company at least one week prior to beginning any employment or consulting relationship during the Severance Period.

5. I and the Company acknowledge and agree that I have been granted equity-based compensation awards (the "Equity Awards"). I acknowledge and agree that upon the cessation of my employment with the Company, all Equity Awards that are unvested and as applicable, not exercisable as of the Separation Date shall be automatically forfeited for no consideration.

6. I acknowledge and agree that other than the Severance Benefits, I will have no further rights to any payments or benefits in connection with the termination of my employment with the Company.

7. I agree that in connection with Section 10 of the Agreement (entitled “COOPERATION”), I will provide up to 8 hours of transition services to Company each month throughout the Severance Period. If additional hours of transition services are needed, I agree to have such hours approved in advance, and agree the Parties will work in good faith to reach an agreeable hourly rate prior to additional hours being provided.

8. Except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself and any person or entity acting through, in the right of, jointly or in concert with myself or whose rights derive from any relationship with me, including, but not limited to, my spouse, my heirs, executors, attorneys, representatives, agents, administrators and assigns (the “Releasing Parties”)) fully and unconditionally release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter- claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys’ fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date I execute this General Release) and whether known or unknown, suspected, or claimed against the Company or any of the other Released Parties which I or any Releasing Party, may have, including but not limited to those which arise out of or are connected with my employment with, or my separation or termination from, the Company and its affiliates (including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act) or their state or local counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract (including under the Agreement, and unless otherwise specifically set forth in this General Release, I shall have no further rights under the Agreement or any other agreement or contract with any Released Party), or tort, or under common law; or arising under any employment policies, practices or procedures of the Company or any of its affiliates; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys’ fees incurred in these matters) (all of the foregoing collectively referred to herein as the “Claims”). Excluded from this release and the definition of “Claims” are any Claims that: (A) by law cannot be released in a private agreement (such as workers compensation claims); (B) arise after the date I execute this General Release; (C) are for the Company’s breach of the Agreement in respect of the Severance Benefits or other payments described in Section 7(d) or the definition of “Restricted Period” of the Agreement; (D) relate to the terms and conditions of this General Release; (E) are for COBRA coverage or other continuation of health insurance coverage provided by applicable state law; and/or (E) relate

to any rights to vested or accrued benefits, such as vested pension or retirement benefits, or any insurance benefits accrued before the date I execute this General Release (such as medical insurance benefits for services rendered before such date or long term disability benefits for a disability that occurred before such date), the rights to which are governed by the terms of the applicable plan documents and award agreements.

9. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 8 above.

10. I understand that nothing in this General Release prevents me from filing a charge or complaint with, or from participating in an investigation or proceeding conducted by, the Equal Employment Opportunity Commission, the National Labor Relations Board, or any other federal, state or local agency charged with the enforcement of any employment or labor laws, although by signing this General Release I am giving up any right to monetary recovery that is based on any of the Claims I have released. I also understand that if I file such a charge or complaint, I have, as part of this General Release, waived the right to receive any remuneration for any Claims beyond what I have received in this General Release.

11. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state statute that expressly limits the effectiveness of a general release of unknown, unsuspected or unanticipated Claims), if any, as well as those relating to any other Claims. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a Claim seeking damages against the Company or any other Released Party, or in the event I should seek to recover against the Company or any other Released Party in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims. I further waive any right to recovery with respect to any Claim in a proceeding instituted on my behalf by an administrative agency or other entity regarding my employment with, or separation from, the Company. I further agree that I am not aware of any pending charge or complaint of the type described in paragraph 8 with respect to any Claim as of the execution of this General Release.

12. I represent that I am not aware of any Claim by me other than the Claims that are released by this Agreement. I agree to expressly waive any rights I may have under any state statute that expressly limits the effectiveness of a general release of unknown, unsuspected or unanticipated Claims, as well as under any other statute or common law principles of similar effect.

13. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any other Released Party or me of any improper or unlawful conduct.

14. I agree that if I violate this General Release by suing the Company or the other Released Parties in respect of a Claim, I will pay all reasonable costs and expenses of defending against the suit incurred by the Released Parties in the event that they are the prevailing party, including reasonable attorneys' fees.

15. I acknowledge and reaffirm my obligation to abide by the covenants set forth in the Agreement as though fully set forth herein, including, without limitation, those covenants set forth in Section 9 of the Agreement. I further agree that as of the date hereof, I have returned to the Company any and all property belonging to the Company or its affiliates (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company) and that I shall not retain any copies, compilations, extracts, excerpts, summaries or other notes of any such manuals, files, documents, records, software, customer data base or other data, provided, however, the provisions of this Section 9 do not apply to the Agreement or employee benefit plans and underlying documents in respect of my compensation and employee benefits.

16. Company agrees its CEO and CFO, during the Restricted Period, will not make any defamatory or disparaging statements concerning Mr. Montgomery other than in the good faith performance of their duties to the Company. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

17. I hereby waive any reinstatement or future employment with the Company or any of its affiliates.

18. Whenever possible, each provision of this General Release shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein. Upon a finding by a court of competent jurisdiction that any release or agreement in this General Release is illegal, void or unenforceable, I agree, at the Company's option, to execute promptly a release and agreement that is legal and enforceable. My failure to comply with the obligations to promptly execute such release will constitute a material breach of this General Release.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

(i) I HAVE READ IT CAREFULLY;

(ii) I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS;

(iii) I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

(iv) I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

(v) I HAVE HAD AMPLE TIME FROM THE DATE OF MY RECEIPT OF THIS RELEASE SUBSTANTIALLY IN ITS FINAL FORM TO CONSIDER IT;

(vi) I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

(vii) I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

Agreed, Acknowledged and Accepted:

/s/ Thomas Montgomery	03/30/2023
Thomas Montgomery	Date

Agreed, Acknowledged and Accepted:

/s/ John Merris	03/31/2023
John Merris On behalf of Solo Brands, LLC	Date

SEPARATION AGREEMENT AND GENERAL RELEASE

I, Somer Webb, in consideration of the performance by Solo Brands, LLC (collectively with its parent company, Solo Brands, Inc., the "Company"), of its obligations under the Employment Agreement, dated May 9, 2023, between the Company and me (as amended from time to time, the "Agreement"), do hereby release and forever discharge as of the date hereof the Company and its affiliates, subsidiaries, and all present and former members, managers, directors, officers, agents, representatives, employees, attorneys, insurers, benefit plans, successors and assigns of the Company and its affiliates (collectively, the "Released Parties") to the extent provided below. Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement.

1. I understand that my employment with the Company will terminate on December 10, 2023 (the "Separation Date") and, as of the Separation Date, I will cease to be an employee of the Company. I acknowledge and agree that, as of the Separation Date, I hereby resign as Chief Financial Officer and as an employee of the Company and from all offices and positions I may hold at the Company's affiliates.
2. I and the Company understand and agree that I am terminating my employment without good reason as defined in the Agreement, and accordingly will not receive any severance benefits. Additionally, I and the Company acknowledge and agree that pursuant to section 8(c) of the Agreement, I am obligated to reimburse $175,000 to the Company ("Reimbursement Payment"), however, in exchange for my continued work after November 10, 2023 and this General Release, the Company agrees to forever forfeit any and all rights to the Reimbursement Payment.

3. I acknowledge and represent that I have received all payments and benefits that I am entitled to receive (as of the date hereof) by virtue of any employment by the Company. I acknowledge and agree that I will have no further rights to any payments or benefits in connection with the termination of my employment with the Company.

4. I and the Company acknowledge and agree that I have been granted equity-based compensation awards (the "Equity Awards"). I acknowledge and agree that upon the cessation of my employment with the Company, all Equity Awards that are unvested and as applicable, not exercisable as of the Separation Date shall be automatically forfeited for no consideration.
5. Except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself and any person or entity acting through, in the right of, jointly or in concert with myself or whose rights derive from any relationship with me, including, but not limited to, my spouse, my heirs, executors, attorneys, representatives, agents, administrators and assigns (the "Releasing Parties")) fully and unconditionally release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims,

counter- claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date I execute this General Release) and whether known or unknown, suspected, or claimed against the Company or any of the other Released Parties which I or any Releasing Party, may have, including but not limited to those which arise out of or are connected with my employment with, or my separation or termination from, the Company and its affiliates (including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act) or their state or local counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract (including under the Agreement, and unless otherwise specifically set forth in this General Release, I shall have no further rights under the Agreement or any other agreement or contract with any Released Party), or tort, or under common law; or arising under any employment policies, practices or procedures of the Company or any of its affiliates; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the "Claims"). Excluded from this release and the definition of "Claims" are any Claims that: (A) by law cannot be released in a private agreement (such as workers compensation claims); (B) arise after the date I execute this General Release; (C) are for the Company's breach of the Agreement; (D) relate to the terms and conditions of this General Release; and/or (E) relate to any rights to vested or accrued benefits, such as vested pension or retirement benefits, or any insurance benefits accrued before the date I execute this General Release (such as medical insurance benefits for services rendered before such date or long term disability benefits for a disability that occurred before such date), the rights to which are governed by the terms of the applicable plan documents and award agreements.

6. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 5 above.

7. I understand that nothing in this General Release prevents me from filing a charge or complaint with, or from participating in an investigation or proceeding conducted by, the Equal Employment Opportunity Commission, the National Labor Relations Board, or any other federal, state or local agency charged with the enforcement of any employment or labor laws, although by signing this General Release I am giving up any right to monetary recovery that is based on any of the Claims I have released. I also understand that if I file such a charge or complaint, I have, as part of this General Release, waived the right to receive any remuneration for any Claims beyond what I have received in this General Release.

8. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims. I expressly consent that this General Release shall be

given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state statute that expressly limits the effectiveness of a general release of unknown, unsuspected or unanticipated Claims), if any, as well as those relating to any other Claims. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the General Release. I further agree that in the event I should bring a Claim seeking damages against the Company or any other Released Party, or in the event I should seek to recover against the Company or any other Released Party in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims. I further waive any right to recovery with respect to any Claim in a proceeding instituted on my behalf by an administrative agency or other entity regarding my employment with, or separation from, the Company. I further agree that I am not aware of any pending charge or complaint of the type described in paragraph 5 with respect to any Claim as of the execution of this General Release.

9. I represent that I am not aware of any Claim by me other than the Claims that are released by this Agreement. I agree to expressly waive any rights I may have under any state statute that expressly limits the effectiveness of a general release of unknown, unsuspected or unanticipated Claims, as well as under any other statute or common law principles of similar effect.

10. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any other Released Party or me of any improper or unlawful conduct.

11. I agree that if I violate this General Release by suing the Company or the other Released Parties in respect of a Claim, I will pay all reasonable costs and expenses of defending against the suit incurred by the Released Parties in the event that they are the prevailing party, including reasonable attorneys' fees.

12. I further agree that I will return to the Company any and all property belonging to the Company or its affiliates (including, but not limited to, any Company-provided laptops, computers, or other equipment, or documents and property belonging to the Company, as well as any needed username and/or passwords related to performance of my duties) and that I shall not retain any copies, compilations, extracts, excerpts, summaries or other notes of any such manuals, files, documents, records, software, customer data base or other data.

13. Whenever possible, each provision of this General Release shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein. Upon a finding by a court of competent jurisdiction that any release or agreement in this General Release is illegal, void or

unenforceable, I agree, at the Company's option, to execute promptly a release and agreement that is legal and enforceable. My failure to comply with the obligations to promptly execute such release will constitute a material breach of this General Release.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

(i) I HAVE READ IT CAREFULLY;

(ii) I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS;

(iii) I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

(iv) I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

(v) I HAVE HAD AT LEAST 21 DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE SUBSTANTIALLY IN ITS FINAL FORM TO CONSIDER IT;

(vi) I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT;

(vii) I UNDERSTAND THAT I HAVE SEVEN DAYS AFTER THE EXECUTION OF THIS AGREEMENT TO REVOKE IT AND THAT THIS AGREEMENT SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE 7-DAY REVOCATION PERIOD HAS EXPIRED. TO BE EFFECTIVE, ANY REVOCATION MUST BE IN WRITING AND DELIVERED BY EMAIL TO KENT.CHRISTENSEN@SOLOBRANDS.COM; AND

(viii) I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

SIGNATURE PAGE TO FOLLOW

Agreed, Acknowledged and Accepted:

/s/ Somer Webb	12/08/2023
Somer Webb	Date

Agreed, Acknowledged and Accepted:

/s/ Kent Christensen	12/8/2023
Kent Christensen On behalf of Company	Date

Solo Brands, LLC
1001 Mustang Drive
Grapevine, TX 76051

December 29, 2023

Re: Separation and Release of Claims Agreement

Dear Clint:

This separation and release of claims agreement (this "Release Agreement"), entered into as of January 1, 2024, sets forth the understanding by and between you and Solo Brands, LLC (collectively with its parent company, Solo Brands, Inc., all other affiliates, and any successor(s) thereto, the "Company"), regarding the cessation of your employment with the Company.

1. Separation Date. Your employment with the Company will terminate on January 1, 2024 (the "Separation Date") and, as of the Separation Date, you will cease to be an employee of the Company. In connection with your termination of employment, you acknowledge and agree that, as of the Separation Date, you hereby resign as an employee of the Company and from all offices and positions you may hold at the Company's affiliates. You and the Company hereby acknowledge and agree that the cessation of your employment with the Company shall be deemed a termination by the Executive without Good Reason (as defined in the Employment Agreement between the Company and you dated October 9, 2020 ("Employment Agreement")).

2. Severance Benefits. As contemplated in sections 7 and 8 of the Employment Agreement, upon your cessation of employment with the Company and subject to your execution of the Waiver and Release of Claims Agreement attached hereto as Exhibit A (the "Release") in accordance with its terms and your continued compliance with the obligations set forth in Sections 8, 9 and 10 of the Employment Agreement, you shall be entitled to the consideration set forth in Section 7(c) of the Employment Agreement in accordance with the terms therein. Nevertheless, in exchange for the Waiver and Release of Claims Agreement, the Company shall provide additional Severance Benefits as defined herein.

a. Severance Payments. Payment of your regular monthly base salary in effect at the time of the Separation Date in accordance with the Company's customary payroll practices and subject to applicable withholdings ("Severance Payments") from January 1, 2024 to March 31, 2024 ("Severance Period") beginning on the first pay period following execution of this Agreement and the expiration of the revocation period, provided that the Severance Payments shall immediately cease upon you beginning any subsequent employment or consulting relationship during the Severance Period. You agree to inform Company of your new employment prior to your start date.

b. Health Care. Subject to your timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company will reimburse you for $1,302.16 of the monthly COBRA premium paid by you for you and your eligible dependents (if any) until the earliest to occur of (A) the end of the Severance Period, (B) the date on which the you are no longer eligible for COBRA coverage, and (C) the date you become eligible to participate in another plan that offers group health benefits (such reimbursement, the "COBRA Subsidy").

c. Equity Awards. You and the Company acknowledge and agree that you have been granted equity-based compensation awards pursuant to that certain Solo Brands, Inc. 2021 Incentive Award Plan, as may be amended from time to time (the "Plan"), and that you hold certain Common Units (as defined in the Amended and Restated Limited Liability Company Agreement of Solo Stove Holdings, LLC (the "Holdings LLC Agreement")) in respect of Solo Stove Holdings, LLC (collectively, the "Equity Awards") issued pursuant to the following award agreements: (i) December 15, 2020 Incentive Equity Agreement, as amended by the October 28, 2021 Corrected Amendment to Incentive Equity Agreement (together with all exhibits and ancillary agreements thereto, including, for the avoidance of doubt, the Holdings LLC Agreement and the Amended and Restated Limited Liability Company Agreement of SS Management Aggregator, LLC (the "Aggregator LLC Agreement"), the "Incentive Equity Agreement");(ii) October 28, 2021 Stock Option Grant Notice under the Plan; (iii) November 5, 2021 Restricted Stock Unit Grant Notice under the Plan, (iv) October 1, 2022 Restricted Stock Unit Grant Notice under the Plan, and (v) October 1, 2022 Performance Stock Unit Grant Notice (with (i)-(v) collectively referred to as the "Award Agreements"). You and the Company acknowledge and agree that the Equity Awards and Award Agreements shall continue to vest during the Severance Period. Upon the cessation of the Severance Period, all Equity Awards and Award Agreements that are unvested and as applicable, not exercisable as of the end of the Severance Period, shall be automatically forfeited for no consideration.

d. You acknowledge and agree that other than the Severance Benefits and the Equity Award Benefits, you will have no further rights to any payments or benefits in connection with the termination of your employment with the Company.

e. You understand and agree that you will not receive any Severance Benefits (a) unless you execute this General Release and do not revoke this General Release within the time period permitted hereafter, (b) if you breach this General Release or (c) if you breach any provision of Section 9 of the Agreement. Such payments will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or any of its affiliates. You also acknowledge and represent that you have received all payments and benefits that you are entitled to receive (as of the date hereof) by virtue of any employment by the Company.

3. Restrictive Covenants. You acknowledge that the Company is providing you with the Severance Benefits (inclusive of the Severance Payments, Cobra Subsidy, and continued vesting of the Equity Awards and Award Agreements) in material part in accordance with and in consideration for your reaffirmation of your prior agreement to comply with the obligations set forth in Sections 8, 9 and 10 of the Employment Agreement, which shall remain in full force and effect, and that with respect to the Severance Benefits, your right to receive any Severance Benefits shall immediately cease and be forfeited and you shall immediately repay to the Company any Severance Benefits previously paid to you if (a) the Company discovers grounds constituting Cause existed prior to your termination of employment, or (b) you breach any restrictive covenants set forth in Section 9 of the Employment Agreement.

4. Release. In accordance with this Release Agreement and, with respect to the Severance Benefits, your Employment Agreement (including the terms of Section 8 thereof), your receipt of the Severance Benefits and the Equity Award Benefits is contingent upon and subject to your timely execution of the Release following the Separation Date in accordance with its terms, and to the extent you do not execute the Release, you acknowledge and agree that you are not entitled to any Severance Benefits or Equity Award Benefits (provided that, for the avoidance of doubt, such action does not affect the remainder of this Release Agreement, which shall continue in full force and effect).

5. Indemnification and Hold Harmless Agreement. You shall pay all local, state and federal income taxes, penalties, interest, fines or other assessments incurred in connection with the payment to you of monies or other consideration under this Release Agreement. If the Company is required to pay, or it is contended that the Company is required to pay, any such taxes, penalties, interests, fines or assessments, you agree to hold harmless and indemnify the Company in full with respect to the same.

6. Relationship of the Parties. You acknowledge and agree that the Company does not have any obligation, contractual or otherwise, to hire or employ you in any position or capacity whatsoever in the future.

7. Non-Admission of Liability. The Company's agreements herein shall not be construed as evidence or an admission of liability or of otherwise unlawful actions or practices on the part of the Company and the Company expressly denies all liability and alleged wrongful actions.

8. Section 409A. Notwithstanding any provision to the contrary in this Release Agreement, it is intended that the Severance Benefits, to the greatest extent possible, comply with or satisfy an exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and shall be interpreted to the greatest extent possible to be consistent therewith (and with any other applicable exemption from Section 409A). Your right to receive any installment payments under this Release Agreement, including without limitation any continuation salary payments that are payable in accordance with Company's payroll practices, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A.

9. Entire Agreement. Except as explicitly set forth herein, this Release Agreement sets forth the entire agreement between you and the Company with respect to the subject matter set forth herein and supersedes and replaces any and all prior oral or written agreements or understandings between you and the Company with respect to the subject matter hereof; provided, that, for the avoidance of doubt, the provisions of the Employment Agreement not superseded by this Release Agreement and which by their terms survive termination of employment (including, without limitation, Sections 7, 8, 9, 10, and 11 of the Employment Agreement) will remain in full force and effect in accordance with their terms; provided further that, notwithstanding the foregoing or anything herein to the contrary, that certain indemnification agreement between you and the Company and the Award Agreements shall remain in full force and effect. This Release Agreement may be amended only by a subsequent writing signed by both parties. You represent that you have signed this Release Agreement knowingly and voluntarily.

Please indicate your acceptance of the terms and provisions of this Release Agreement by signing both copies of this Release Agreement and returning one copy to me. The other copy is for your files. By signing below, you acknowledge and agree that you have carefully read this Release Agreement and Exhibit A hereto in their entirety; fully understand and agree to their terms and provisions; have received good, valuable and sufficient consideration for your agreement to execute and comply with this Release Agreement; will comply with the restrictive covenants set forth in Section 9 of the Employment Agreement and cooperation clause set forth in Section 10 of the Employment Agreement; and intend and agree that this Release Agreement is final and legally binding on you and the Company. All payments described in this Release Agreement will be subject to the withholding of any amounts required by federal, state or local law. This Release Agreement will be governed and construed under the internal laws of the State of Texas and may be executed in several counterparts.

Sincerely,

/s/ Kent Christensen

Kent R. Christensen
On behalf of Solo Brands, LLC

Agreed, Acknowledged and Accepted as of the first date set forth above:
/s/ Clint Mickle

Clint Mickle

EXHIBIT A

WAIVER AND RELEASE OF CLAIMS

1. GENERAL RELEASE.

(a) In exchange for the payments and benefits described in that certain Separation and Release of Claims Agreement by and between Solo Brands, LLC (the "Company") and me (the "Release Agreement"), which I agree I am not otherwise entitled to receive absent execution and non-revocation of the Release, I and my representatives, agents, estate, heirs, successors and assigns ("Releasors") voluntarily agree to release and discharge the Company and its members, parents, affiliates, subsidiaries, predecessors, successors, assigns, plan sponsors and plan fiduciaries (and the current and former trustees, officers, directors, employees, and agents of each of the foregoing, all both individually, in their capacity acting on the Company's behalf and in their official capacities) (collectively "Releasees") generally from all claims, demands, actions, suits, damages, debts, judgments and liabilities of every name and nature, whether existing or contingent, known or unknown, suspected or unsuspected, in law or in equity in connection with my employment by or termination of employment with the Company, or any of my dealings, transactions or events involving the Releasees, arising on or before the date of this Release. This Release is intended by me to be all encompassing and to act as a full and total release of any claims that the Releasors may have or have had against the Releasees from the beginning of time to the date of this Release, including but not limited to all claims in contract (whether written or oral, express or implied), tort, equity and common law; any claims for wrongful discharge, breach of contract, or breach of the obligation of good faith and fair dealing; and/or any claims under any local, state or federal constitution, statute, law, ordinance, bylaw, or regulation dealing with either employment, employment discrimination, retaliation, mass layoffs, plant closings, and/or employment benefits and/or those laws, statutes or regulations concerning discrimination on the basis of race, color, creed, religion, age, sex, sexual harassment, sexual orientation, national origin, ancestry, handicap or disability, veteran status or any military service or application for military service or any other category protected by law, including, to the extent permissible under applicable law, all claims based on the Age Discrimination in Employment Act, as amended (the "ADEA"), the Older Workers Benefit Protection Act of 1990 ("OWBPA"), Executive Order 11,141 (age discrimination), Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1866 and 1871, 41 U.S.C. §1981 (discrimination), 29 U.S.C. §206(d)(1) (equal pay), Executive Order 11,246 (race, color, religion, sex and national origin discrimination), the National Labor Relations Act, the Americans with Disabilities Act of 1990, the Family Medical Leave Act, the Immigration Reform and Control Act, the Vietnam Era Veterans Readjustment Assistance Act,§§503-504 of the Rehabilitation Act of 1973 (handicap rehabilitation), Employee Retirement Income Security Act of 1974), as amended; and any federal, state or local law or regulation concerning securities, stock, stock options or restricted or performance stock units. This Release is for any relief, no matter how denominated, including but not limited to wages, back pay, front pay, benefits, compensatory damages, liquidated damages, punitive damages or attorney's fees. I also agree not to commence or cooperate in the prosecution or investigation of any lawsuit, administrative action or other claim or complaint against the Releasees, except as required by law.

(b) By this Release, I not only release and discharge the Releasees from any and all claims as stated above that the Releasors could make on my own behalf or on the behalf of others, but also those claims that might be made by any other person or organization on my behalf and I specifically waive any right to recover any damage awards as a member of any class in a case in which any claims against the Releasees are made involving any matters arising out of my employment by or termination of employment with the Company, or any of my dealings, transactions or events involving the Releasees.

(c) I agree that, except for any payments set forth in Section 2 of the Release Agreement that have not yet been paid, the payments and benefits the Company previously provided to me are complete payment, settlement, accord and satisfaction with respect to all obligations and liabilities of the Releasees to the Releasors, and with respect to all claims, causes of action and damages that could be asserted by the Releasors against the Releasees regarding my employment or termination of employment with the Company, or any of my dealings, transactions or events involving the Releasees, including, without limitation, all claims for wages, salary, commissions, draws, car allowances, incentive pay, bonuses, business expenses, vacation, stock, stock options, restricted or performance stock units, severance pay, attorneys' fees, compensatory damages, exemplary damages, or other compensation, benefits, costs or sums. Notwithstanding anything in this Release to the contrary, this Release shall not affect and I do not waive rights to indemnification I may have under: (A) applicable law, (B) any charter document or bylaws,(C) any agreement between me and the Company or any other Releasee, (D) as an insured under any directors' and officers' liability insurance policy now or previously in force.

(d) I understand and agree that this Release will be binding on me and my heirs, administrators and assigns. I acknowledge that I have not assigned any claims or filed or initiated any legal proceedings against any of the Releasees.

(e) I acknowledge and agree that if any provision of this Release is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of this Release shall continue in full force and effect.

(f) This Release is deemed made and entered into in the State of Texas, and in all respects shall be interpreted, enforced and governed under the internal laws of the State of Texas, to the extent not preempted by federal law.

(g) Notwithstanding the comprehensive release of claims set forth in the preceding paragraphs of this Release, nothing in this Release shall bar or prohibit me from contacting, seeking assistance from or participating in any proceeding before any federal or state administrative agency to the extent permitted by applicable federal, state and/or local law. However, I nevertheless will be prohibited to the fullest extent authorized by law from obtaining monetary damages in any agency proceeding in which I do so participate.

(h) I acknowledge and agree that this Release is a legally binding document and my signature will commit me to its terms. I acknowledge and agree that I have carefully read and fully understand all of the provisions of this Release and that I am giving up important rights.

2. I have had adequate time to review and consider this Agreement. I have been advised to consult with an attorney before executing this Agreement and I have either done so or chosen not to do so of my own volition.

/s/ Clint Mickle

Clint Mickle

Date: 12/31/2024

January 3, 2024

Chris Metz
Via email

Dear Chris:

Solo Brands, Inc. (the "Company") is pleased to extend an offer of employment to you for the position of Chief Executive Officer of the Company on the following terms and conditions:

1. **Role and Term**. You will serve as our Chief Executive Officer, reporting directly to the Company's Board of Directors (the "Board") and have such duties, responsibilities and authorities as are commensurate with the role of a similarly-sized public company's Chief Executive Officer. We would like your employment to start as soon as possible in 2024 on a mutually agreed upon date to be determined (the date employment with the Company commences is referred to herein as the "Start Date").

2. **Base Salary**. Your initial base salary will be at the annual rate of $850,000. Your base salary and all other compensation from the Company will be subject to legally-required withholdings and payable in accordance with the Company's standard payroll practices. Your base salary will be reviewed annually commencing in 2025 by the Board or its Compensation Committee (the "Committee") for increase (but not a decrease), with an increase of seven percent (7%) over the base salary in effect for the immediately preceding calendar year to be considered; provided, however, that no such consideration will be required (though the Board may consider such in its discretion) in the event that the Company's revenue for the immediately preceding calendar year did not increase by 7% or more over the calendar year prior to such immediately preceding calendar year.

3. **Annual Cash Bonus**. During your employment, you will be provided with an annual cash bonus opportunity equal to 100% of your base salary at the target level of achievement and 250% of your base salary at the maximum level of achievement. For purposes of your annual cash bonus, the target and maximum bonus opportunity in the preceding sentence shall reflect any increases in base salary effected from time to time pursuant to Section 2 hereof. Performance targets for the annual cash bonus will be determined annually by mutual agreement between you and the Board.

4. **Equity-Based Compensation**. You will be granted the following equity-based awards pursuant to the Company's 2021 Incentive Award Plan (or an inducement plan with substantially identical terms) and the forms of awards agreement thereunder:

   (a) *Initial Restricted Stock Unit Award*. On the Start Date, you will be granted an award of 198,000 restricted stock units (the "Initial RSUs") with respect to the Company's Class A Common Stock. These Initial RSUs will vest in 1/3rd annual increments on each of the first three anniversaries of the Start Date, subject to your continued employment on such dates; provided that in the event that your employment is terminated by the Company without Cause or you resign for Good Reason (as each is defined below), then an additional 1/3rd of the Initial RSUs shall vest (to the extent any portion of the Initial RSUs remains unvested).

(b) *Initial Performance Stock Unit Award.* On the Start Date, you will be granted an award of 402,000 performance stock units (the "Initial PSUs") with respect to the Company's Class A Common Stock. These Initial PSUs will vest with respect to 1/3rd of the shares subject thereto on the attainment of each of the following 100-day average VWAP goals (as described below) with respect to the Company's Class A Common Stock: $6.00, $6.25 and $6.50, in each case, provided that such goals are attained on or prior to the date that is within three years and six months of the Start Date (the "Cut-off Date") and, in each case, subject to your continued employment on the attainment date or such attainment date occurring within 180 days of the termination of your employment without Cause or resignation for Good Reason (as each is defined below). If there is a Change in Control (as defined in the Company's 2021 Incentive Award Plan as in effect on the date hereof) on or prior to the Cut-off Date, any unvested Initial PSUs will vest immediately prior to any such Change in Control if the VWAP goals are attained substituting the Deal Price (as described below) for the 100-day average VWAP; provided, however, if the Deal Price is greater than $6.00 but less than $6.25, or greater than $6.25 but less than $6.50, the number of shares that will vest shall be determined based on a linear interpolation. To the extent an average VWAP goal or Deal Price is not attained by the Cut-off Date, the applicable portion of these Initial PSUs will be forfeited on such date.

(c) *Special Performance Stock Unit Award*. On the Start Date, you will also be granted an additional award of 400,000 performance stock units (the "Special PSUs") with respect to the Company's Class A Common Stock. These Special PSUs will vest with respect to all of the shares subject thereto on the attainment of a 100-day average VWAP goal of $7 (subject to your continued employment on the attainment date, unless the attainment date occurs within 180 days of the termination of your employment without Cause or resignation for Good Reason); provided that such VWAP goal is attained on or prior to the Cut-off Date. If there is a Change in Control on or prior to the Cut-off Date, any unvested Special PSUs will vest immediately prior to any such Change in Control if the VWAP goal is attained substituting the Deal Price for the 100-day average VWAP. To the extent the average VWAP goal or Deal Price described in this paragraph is not attained by the Cut-off Date, these Special PSUs will be forfeited on such date.

(d) *Determination of Average VWAP and Deal Price*.

(i) For purposes of the performance stock units described above, the attainment of the applicable 100 day average VWAP goal shall be determined by the Committee or its delegate using the arithmetic average of the daily VWAP of the Company's Class A Common Stock for each of the 100 trading days immediately preceding (but not including) the date of determination. The daily VWAP shall be the volume weighted average price of the Class A Common Stock for the applicable trading day as reported on Bloomberg or a comparable recognized service.

(ii) For purposes of the Initial PSUs and the Special PSUs, described above, "Deal Price" means the total present value of the amount of cash consideration and the present value of any non-cash consideration received or potentially receivable for a share of the Company's Class A Common Stock by holders of shares in connection with a consummated Change in Control or, if no such consideration will be received for a share, the fair market value of a share on the day (or, if the shares are then publicly traded on an established national securities exchange or automated quotation system, the trading day) immediately prior to the Change in Control. The present value of any cash consideration and the present value of any non-cash consideration potentially receivable (including any consideration being held in escrow or subject to an earn-out or similar concept) will be

(e) *Additional Equity Awards*. Subject to your continued employment, you will be considered for additional equity or equity-based awards in each of 2025 and 2026, with any such awards to be made in January of the applicable year. The grant, terms and conditions of such awards shall be determined by the Board or the Committee in its discretion.

5. **Severance Protection**. Your employment will be for an indefinite term. In the event of a termination of your employment described in Section 5(a) or 5(b), in addition to the severance benefits set forth in Section 4, you will be entitled to the severance benefits set forth in the applicable paragraph, subject to the terms thereof.

(a) *Non-Change in Control Termination*. In the event of a termination of your employment by the Company without Cause (as defined below) or a resignation by you for Good Reason (as defined below) which is not described in Section 5(b), the Company will, in addition to the treatment of equity-based compensation in such circumstances set forth in Section 4 and subject to your timely execution of a customary release of claims, (a) continue to pay to you your then-current base salary for twelve (12) months following such termination (the "Severance Period") in accordance with the Company's standard payroll practices (subject to adjustment if necessary in order to comply with the requirements of Internal Revenue Code Section 409A), and (b) during the Severance Period, pay the premiums for any continued health and welfare coverage for you and your eligible dependents. Upon any such termination or resignation of employment described in the first sentence of this Section 5(a), you will also be entitled to receive (*x*) any annual bonus that was earned but not paid with respect to the calendar year prior to the date of termination and (*y*) to the extent earned based on actual performance, your annual bonus for the year of termination, pro-rated for the portion of the applicable fiscal year you worked prior to and including the date that your employment with the Company ended (which, for the avoidance of doubt, shall reflect any increases in base salary effected from time to time pursuant to Section 2 hereof), each payable at the same time these bonuses are otherwise payable to other Company "c-suite" executives. Additionally, upon any such termination or resignation of employment described in the first sentence of this Section 5(a), an additional portion of your unvested equity awards subject to vesting solely based upon duration of employment or service or the passage of time (if any) shall vest immediately as if you had continued your employment or service for an additional twelve (12) months following the date of such termination or resignation.

(b) *Change in Control Termination*. In the event of a termination of your employment by the Company without Cause or by you for Good Reason during the period beginning six (6) months prior to a Change in Control through the date that is twenty four (24) months following a Change in Control, in addition to any applicable treatment of equity-based compensation in such circumstances set forth in Section 4(b) and 4(c) herein, but in lieu of the payments described in Section 5(a), the Company will pay to you, subject to your timely execution of a customary release of claims, (i) an amount equal to two times your then-current base salary, payable in equal installments over the twenty-four (24) months following such termination (the "CIC Severance Period") in accordance with the Company's standard payroll practices (subject to adjustment if necessary in order to comply with the requirements of Internal Revenue Code Section 409A), and (ii) during the CIC Severance Period, the premiums for any continued health and welfare coverage for you and your eligible dependents. Upon any such termination or resignation of employment described in the first sentence of this Section 5(b), you will also be entitled to receive (*x*) any annual bonus that was earned but not paid with respect to the calendar year prior to the date of termination, and (*y*) 200% of your then target bonus for the calendar year that includes the date your employment with the Company ended (which, for the avoidance of doubt, shall reflect any increases in base salary effected from time to time pursuant to Section 2 hereof), each payable at the same time these bonuses are otherwise payable to other Company "c-suite" executives. Additionally, upon any such termination or resignation of employment described in the first sentence of this Section 5(b), the unvested portion(s) (if any) of your equity awards subject to vesting solely based upon duration of employment or service or the passage of time (including, without limitation, the Initial RSUs) shall vest as of immediately prior to the qualifying termination of your employment within the twenty four (24) month period following such Change in Control (or upon such Change in Control in the event that the qualifying termination is followed within six (6) months by a Change in Control).

(c) *Cause*. “Cause” means (i) your willful misconduct or gross negligence in the performance of the your duties to the Company or any of its direct or indirect subsidiaries or affiliates (collectively, the “Company Group”); (ii) your willful failure to perform your duties to the Company Group or to follow the lawful directives of the Board (other than as a result of death or disability); (iii) your conviction of, or pleading of guilty or nolo contendere to, a felony resulting in imprisonment, other than for a traffic violation;(iv) your commission of an act of moral turpitude (in the reasonable judgment of the Board), including, without limitation, your engaging in any act of sexual misconduct at or in connection with work, including without limitation sexual harassment or sexual relations with subordinates; (v) your willful failure to cooperate in any audit or investigation of the business or financial practices of the Company Group (other than as a result of death or disability); (vi) your commission of any act of theft, embezzlement, fraud, malfeasance, dishonesty or misappropriation of material assets of the Company Group; (vii) your (A) use of illegal drugs or (B) abuse of alcohol, in each case, that impairs your ability to perform your duties contemplated hereunder; (viii) your breach of the fiduciary duty of loyalty owed to the Company Group; or (ix) your material breach of this letter agreement, or any restrictive covenants (including non-competition and non- solicitation covenants) which you are bound by, or a material violation of the Company Group’s code of conduct; provided, that with respect to any Cause termination relying on the foregoing clauses (i), (ii), (v), (vii), (viii) or (ix) of this definition of “Cause”, Cause shall exist only (A) if such Cause event results in, or is likely to result in, material damage to the Company Group, taken as a whole and (B) if curable, the Company provides you with at least thirty (30) days’ written notice of the Company’s intention to terminate your employment with the Company for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based, and such termination shall be effective at the expiration of such thirty (30) day notice period unless you have materially cured such act or acts or failure or failures to act that give rise to Cause during such period.

(d) *Good Reason*. For purposes of this letter agreement, “Good Reason” means that one or more of the following has occurred without your prior written consent: (i) a material diminution in the nature or scope of your responsibilities, duties or authority as set forth in this letter (including any change in your reporting structure such that you are no longer only reporting directly to the Board); (ii) the Company’s material breach of this letter agreement or any agreement referenced or contemplated herein; (iii) the Company’s requiring that you relocate from your primary work location to be a location that is more than twenty-five (25) miles from either your residence in Florida or Montana; or (iv) any reduction in your base salary (as adjusted) or target bonus; provided that, in any such case, you provide written notice to the Company of the event giving rise to such claim of Good Reason within thirty (30) days after you learn of the occurrence of such event and such Good Reason event remains uncured thirty (30) days after you have provided such written notice; provided, further, that any resignation of the your employment for "Good Reason" occurs no later than sixty (60) days following the expiration of such cure period.

6. **Employee Benefits; Employment Matters; Company Policies**. You will be eligible to participate in the Company's employee benefits programs (including paid time off and expense reimbursement) at the same level as similarly situated executives, subject to the terms and conditions of the applicable plans and policies as in effect from time to time. Without limitation of the foregoing, you shall be eligible to receive a Company matching contribution under the Company's 401(k) retirement plan, subject to the terms of the plan as in effect from time to time. Your employment with the Company will be at-will and either you or the Company may terminate the relationship at any time with or without Cause. You represent that there are no contractual or other legal restrictions on your ability to accept this offer and, as of the Start Date, fully perform your duties on behalf of the Company. If you accept this offer, you will be expected to comply with the Company's employment policies and guidelines, as in effect and provided to you from time to time. Incentive compensation paid or provided to you in connection with your employment will be subject to the Company's "clawback" policy as in effect from time to time. Please also note that this offer is contingent on compliance with Federal I-9 requirements and satisfactory completion of a background check by an outside agency engaged by the Company.

7. **Employment Location; Travel**. Subject to reasonable, customary travel in connection with the performance of your duties, you may continue to reside in Florida and/or Montana and those locations may be your primary work locations. All travel in connection with your job duties (including, without limitation, travel to or from either residence described above involved in such travel) shall be provided (*x*) in first class or equivalent (or business, if first class is not available) and (*y*) to the extent provided or arranged for by you, considered a reimbursable business expense (subject to the standards of travel set forth in clause (*x*)). Alternatively, at your election, you will be eligible for our customary executive relocation benefits in connection with any election of the relocation of your residence to the Dallas, Texas metropolitan area. Further information on relocation benefits will be prior to the Start Date. During your employment, the Company will provide you with a corporate apartment in the Dallas, Texas metropolitan area prior to any such relocation of your residence at your election.

8. **Board Service: Other Activities**. During the term of your employment, in addition to performing the role of Chief Executive Officer, you will serve as a member of the Board. You shall devote your full professional time and attention to the business and affairs of the Company to discharge the responsibilities of Chief Executive Officer, provided that, notwithstanding the foregoing, you shall be permitted, without any approval, to serve on civil or charitable boards or committees and to manage personal and family investments, in each case, so long as such activities do not (x) interfere with the performance of your responsibilities to the Company or (y) violate Company policies with respect to conflicts of interest. The Board hereby consents to your current service on the board of directors of

Central Garden & Pet Company, though prior Board approval is required to serve on any corporate board on which you do not currently serve.

9. **Indemnification**. The Company shall indemnify and hold you harmless (including advancement of expenses) to the fullest extent permitted by law, and shall cover you (as a named insured) under any insurance policy the Company maintains for the errors and omissions of its directors and officers, in connection with your service as an officer and director of the Company and at coverage levels consistent with levels provided to and expenses covered for all other directors and officers of the Company. You and the Company will promptly enter into an indemnification agreement in substantially the same form provided to other similarly situated officers and directors of the Company which provides for indemnification of you in connection with any claims against you in your capacity as a director or officer of the Company. indemnification and coverage shall survive termination of your employment.

10. **Legal Fee Reimbursement**. The Company shall pay to you, or reimburse you for, the reasonable and properly documented, out-of-pocket legal fees and related expenses for your counsel incurred in the negotiation and execution of each of (*x*) this letter agreement, (*y*) any other agreement described in this letter agreement, and (*z*) all other ancillary agreements, in each case, within thirty (30) days of receipt of written request for payment or reimbursement.

11. **Miscellaneous**. This letter constitutes the entire agreement between you and the Company with respect to the terms of your employment and supersedes all prior oral or written offers, agreements or understandings between you and the Company. This letter agreement will become null and void in the event that you do not commence employment on the Start Date. This letter will be governed by and construed and enforced in accordance with the laws of the State of Texas without giving effect to the conflict of law principles thereof. This letter may be executed in several counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same agreement. For purposes of Internal Revenue Code Section 409A, your right to receive any installment payments pursuant to this letter agreement will be treated as a right to receive a series of separate and distinct payments.

[signature page follows]

Please sign below to confirm your acceptance of the terms of this offer. We are delighted at the prospect of working with you.
Sincerely,

SOLO BRANDS, INC.

By: /s/ Kent Christensen 1/4/2024

Name: Kent Christensen
Title: General Counsel

Agreed and Accepted:

By: /s/ Chris Metz

Chris Metz

Date:1/3/2024

51233379.14

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "Agreement"), effective as of February 1, 2024 (the "Effective Date"), is by and between Solo Brands, Inc., a Delaware corporation ("Parent"), Solo Brands LLC, a Texas limited liability company (the "Company," and together with Parent, "Solo Brands"), and Laura Coffey (the "Executive").

1. POSITION AND DUTIES.

(a) GENERAL. The Company shall employ the Executive, and the Executive accepts such employment, upon the terms and conditions set forth in this Agreement. During the Employment Term (as defined in Section 2 hereof), the Executive shall serve as the Chief Financial Officer of Parent beginning no later than February 5, 2024. In this capacity, the Executive shall have the duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies, and such other duties, authorities and responsibilities as may reasonably be assigned to the Executive from time to time by the Chief Executive Officer of Solo Brands (the "CEO"). Unless otherwise agreed by the Executive, the Executive shall report directly to the CEO.

(b) OTHER ACTIVITIES. During the Employment Term, the Executive shall devote all of the Executive's time and best efforts to the performance of the Executive's duties with Solo Brands; provided, that the foregoing shall not prevent the Executive from, (i) with prior written notice to the Board of Directors of Parent (the "Board"), serving on the boards of directors or as a member of a committee of one or more for profit or non-profit organizations, (ii) participating in charitable, civic, educational, professional, community or industry affairs, and (iii) managing the Executive's passive personal investments, so long as such activities, either individually or in the aggregate, do not interfere or conflict with the Executive's duties hereunder or create an actual or potential business or fiduciary conflict. The Board hereby consents to Executive's current service on the boards of Community National Bank & Trust and The Boys and Girls Club of Greater Tarrant County.

2. EMPLOYMENT TERM. The Company agrees to employ the Executive pursuant to the terms of this Agreement, and the Executive agrees to such employment, commencing as of the Effective Date and continuing until the Executive's employment hereunder is terminated in accordance with Section 7 hereof, subject to the provisions of Section 8 hereof. The period of time between the Effective Date and the termination of the Executive's employment hereunder shall be referred to herein as the "Employment Term."

3. BASE SALARY. During the Employment Term, the Company agrees to pay the Executive a base salary at an annual rate equal to $500,000, payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Executive's Base Salary shall be subject to annual review by the Board (or a committee thereof) and may be adjusted from time to time by the Board. The base salary as determined herein and adjusted from time to time shall constitute "Base Salary" for purposes of this Agreement.

4. ANNUAL PERFORMANCE BONUS. During each calendar year of the Employment Term (prorated for partial years of service), the Executive shall be eligible to participate in the Company's annual performance bonus program as may be in effect from time to time, pursuant to which the Executive may be eligible to receive an annual performance bonus with a target opportunity equal to 60% of the Executive's Base Salary, based upon the attainment of one or more performance goals (the "Annual Performance Bonus"), and the potential of up to an additional 30% of the Executive's Base Salary if the Company achieves performance accelerators ("Bonus Accelerator"), which shall be awarded in proportion with the amount the company exceeds the performance goals. The performance goals and accelerators shall be established by the Board (or a committee thereof), as determined by the Board (or a committee thereof) in its sole discretion. Any Annual Performance Bonus payable hereunder shall be paid in the calendar year immediately following the calendar year to which such Annual Performance Bonus relates, at the same time as annual performance bonuses are paid to other senior executives of the Company, but in no event later than thirty (30) days following the Company's receipt of the audited financials with respect to such calendar year, subject to the Executive's continued employment through the applicable payment date (other than as set forth in Section 7 hereof).

5. EQUITY GRANT. The Executive will receive 250,000 Restricted Stock Units (RSU's) and 250,000 Performance Stock Units (PSU's) with respect to the Company's Class A Common Stock. The RSU awards shall vest over 4 years with the first 25% vesting at the first-year anniversary of the grant date and the remainder of each award vesting quarterly thereafter and the PSU's vesting when certain performance targets are achieved in accordance with Solo Brands' incentive equity plan. The Executive will also be eligible for annual equity grants to be determined by the Board (or a committee thereof).

6. EMPLOYEE BENEFITS.

(a) BENEFIT PLANS. During the Employment Term, the Executive shall be eligible to participate in any employee benefit plan that the Company has adopted or may adopt, maintain or contribute to for the benefit of its employees generally, subject to satisfying the applicable eligibility requirements, except to the extent such plans are duplicative of the benefits otherwise provided hereunder. The Executive's participation will be subject to the terms of the applicable plan documents and generally applicable Company policies. Notwithstanding the foregoing, the Company may modify or terminate any employee benefit plan at any time.

(b) BUSINESS EXPENSES. During the Employment Term, the Company shall reimburse the Executive promptly for all expenses reasonably incurred by the Executive in the performance of the Executive's duties hereunder, in accordance with policies which may be adopted from time to time by the Company, following presentation by the Executive of an itemized account, including reasonable substantiation, of such expenses.

(c) VACATION. During the Employment Term, the Executive shall be entitled to unlimited paid time off, to be used as the Executive reasonably deems appropriate consistent with past practice and subject to the business needs of the Company and planning with the Executive's supervisor.

7. **TERMINATION**. The Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) DUE TO THE EXECUTIVE'S DISABILITY. Upon ten (10) days' prior written notice by the Company to the Executive of a termination due to Disability. For purposes of this Agreement, "Disability" shall be defined as the inability of the Executive to have performed the Executive's material duties hereunder after reasonable accommodation due to a physical or mental injury, infirmity or incapacity for one hundred twenty (120) days (including weekends and holidays) in any three hundred sixty-five (365)-day period as determined by the Board in its reasonable discretion. The Executive (or the Executive's representative) shall cooperate in all respects with the Company if a question arises as to whether the Executive has become disabled (including, without limitation, submitting to reasonable examinations by one or more medical doctors and other health care specialists selected by the Company and authorizing such medical doctors and other health care specialists to discuss the Executive's condition with the Company).

(b) DUE TO THE EXECUTIVE'S DEATH. Automatically upon the date of death of the Executive.

(c) BY THE COMPANY FOR CAUSE. Immediately upon written notice by the Company to the Executive of a termination for Cause. "Cause" shall mean:

(i) the Executive's willful misconduct or gross negligence in the performance of the Executive's duties to the Parent, the Company or any of their direct or indirect subsidiaries or affiliates (collectively, the "Company Group");

(ii) the Executive's failure to perform the Executive's duties to the Company Group or to follow the lawful directives of the Board (other than as a result of death or Disability) that is not cured to the satisfaction of the Board within twenty (20) days after written notice to the Executive specifying the failure;

(iii) the Executive's indictment for, conviction of, or pleading of guilty or nolo contendere to, a felony;

(iv) the Executive's commission of an act of moral turpitude, including, without limitation, the Executive engaging in any act of sexual misconduct at or in connection with work, including without limitation sexual harassment or sexual relations with subordinates;

(v) the Executive's failure to cooperate in any audit or investigation of the business or financial practices of the Company Group (other than as a result of death or Disability) that is not cured to the satisfaction of the Board within five (5) days after written notice to the Executive specifying the failure;

(vi) the Executive's performance of any act of theft, embezzlement, fraud, malfeasance, dishonesty or misappropriation of the Company Group's property;

(vii) the Executive's (A) use of illegal drugs or (B) abuse of alcohol that impairs the Executive's ability to perform the Executive's duties contemplated hereunder;

(viii) the Executive's breach of any fiduciary duty owed to the Company Group (including, without limitation, the duty of care and the duty of loyalty) that is not cured (if susceptible to cure) to the satisfaction of the Board within twenty (20) days after written notice to the Executive specifying the breach; or

(ix) the Executive's breach of this Agreement, any restrictive covenants (including non-competition and non-solicitation covenants) which the Executive is bound by, or any other material agreement with the Company Group, or a material violation of the Company Group's code of conduct or other written policy, which is not cured (if susceptible to cure) to the satisfaction of the Board within twenty (20) days after written notice to the Executive specifying the breach or violation.

(d) BY THE COMPANY WITHOUT CAUSE. Immediately upon written notice by the Company to the Executive of an involuntary termination without Cause (other than for death or Disability).

(e) BY THE EXECUTIVE FOR GOOD REASON. The Executive may terminate the Executive's employment hereunder upon written notice of a termination for Good Reason. A termination of employment by the Executive for "Good Reason" shall mean a termination by the Executive of the Executive's employment with the Company on account of an occurrence or failure described in any or any combination of (i) through (iii) below without the Executive's written consent, but only if (A) the Executive gives written notice to the Company specifying in reasonable detail the circumstances claimed to provide the basis for such termination and does so within thirty (30) days following the initial occurrence of such circumstance, (B) the Company fails to correct the circumstances set forth in the Executive's written notice within twenty (20) days of receipt of such notice, and (C) the Executive terminates the Executive's employment within twenty (30) days following the end of such twenty (20)-day cure period: (i) a material breach by the Company of any material provision of this Agreement, (ii) a reduction in the Executive's Base Salary or target Annual Performance Bonus opportunity (unless such reduction affects all senior executive employees of the Company on a proportionate basis), or (iii) a diminution in the Executive's title, duties or responsibilities.

(f) BY THE EXECUTIVE WITHOUT GOOD REASON. Upon thirty (30) days' prior written notice by the Executive to the Company of the Executive's voluntary termination of employment without Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date, provided that the Company continues to pay the Executive's Base Salary for the full period of the Executive's notice).

8. CONSEQUENCES OF TERMINATION.

(a) TERMINATION DUE TO THE EXECUTIVE'S DEATH. In the event that the Executive's employment and the Employment Term ends on account of the Executive's death, the Executive or the Executive's estate, as the case may be, shall be entitled to the following (with the amounts due under Sections 8(a)(i) through 8(a)(iv) hereof to be paid within sixty (60) days following termination of employment, or such earlier date as may be required by applicable law):

(i) any earned and unpaid Base Salary through the date of termination;

(ii) any Annual Performance Bonus earned but unpaid with respect to the calendar year ending on or preceding the date of termination;

(iii) reimbursement for any unreimbursed business expenses incurred through the date of termination;

(iv) any accrued but unused vacation time in accordance with Company policy; and

(v) all other accrued and vested payments, benefits or fringe benefits to which the Executive shall be entitled under the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant or this Agreement (collectively, Sections 8(a)(i) through 8(a)(v) hereof shall be hereafter referred to as the "Accrued Benefits").

(b) TERMINATION DUE TO THE EXECUTIVE'S DISABILITY. In the event that the Executive's employment and/or Employment Term ends on account of the Executive's Disability, the Company shall pay or provide the Executive with the Accrued Benefits.

(c) TERMINATION BY THE COMPANY FOR CAUSE OR BY THE EXECUTIVE WITHOUT GOOD REASON. If the Executive's employment and the Employment Term are terminated (i) by the Company for Cause or (ii) by the Executive without Good Reason, the Executive shall be entitled only to the Accrued Benefits (other than the amount set forth in Section 8(a)(ii) hereof).

(d) TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY THE EXECUTIVE FOR GOOD REASON. If the Executive's employment and the Employment Term are terminated (x) by the Company other than for Cause (and not due to Executive's death or Disability) or (y) by the Executive for Good Reason, then the Company shall pay or provide the Executive with the following:

(i) the Accrued Benefits;

(ii) subject to the Executive's continued compliance with the obligations in Sections 9, 10 and 11 hereof, an amount equal to 12 months of the Executive's Base Salary (but not as an employee), paid monthly in accordance with the Company's payroll practices in effect on the date of termination (the "Severance Payments") for a period of 12 months following such termination (the "Severance Period"); provided that to the extent that the payment of any amount constitutes "nonqualified deferred compensation" for purposes of "Code Section 409A" (as defined in Section 21 hereof), any such payment scheduled to occur during the first sixty (60) days following such termination shall not be paid until the regularly scheduled pay period following the sixtieth (60th) day following such termination and shall include payment of any amount that was otherwise scheduled to be paid prior thereto; and provided, further, that payment of the Severance Payments shall immediately cease upon the Executive beginning any subsequent employment or consulting relationship during the Severance Period; and

(iii) subject to the Executive's continued compliance with the obligations in Sections 9, 10 and 11 hereof and the Executive's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company will reimburse the Executive for the monthly COBRA premium paid by the Executive for the Executive and the Executive's eligible dependents (if any) until the earliest to occur of (A) the end of the Severance Period, (B) the date on which the Executive is no longer eligible for COBRA coverage, and (C) the date on which the Executive becomes eligible to participate in another plan that offers group health benefits (such reimbursement, the "COBRA Subsidy") (the Severance Payments and the COBRA Subsidy, together, the "Severance Benefits"), provided that the Company may modify the subsidized COBRA continuation coverage contemplated hereby to the extent reasonably necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of Section 105(h) of the Internal Revenue Code of 1986, as amended; the Patient Protection and Affordable Care Act of 2010, as amended; and/or the Health Care and Education Reconciliation Act of 2010, as amended, and in each case, the regulations and guidance promulgated thereunder (to the extent applicable). During such time that the Executive is receiving any Severance Benefits, if (A) the Company discovers grounds constituting Cause existed prior to the Executive's termination of employment, or (B) the Executive breaches any restrictive covenants set forth in Section 10 below, the Executive's right to receive any Severance Benefits shall immediately cease and be forfeited, and the Executive shall immediately repay to the Company any Severance Benefits previously paid to the Executive. Any Severance Benefits provided in this Section 8(d) shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Company or under the Worker Adjustment Retraining Notification Act of 1988 or any similar state statute or regulation. For the avoidance of doubt, in the event that the Executive dies while receiving Severance Benefits under this Section 8(d), the remainder of any amounts owed to the Executive shall be paid to the Executive's estate.

(e) OTHER OBLIGATIONS. Upon any termination of the Executive's employment with the Company, the Executive shall be deemed to have resigned from any position as an officer, director or fiduciary of any Company-related entity.

(f) EXCLUSIVE REMEDY. The amounts payable to the Executive following termination of employment and the Employment Term hereunder pursuant to Section 8 hereof shall be in full and complete satisfaction of the Executive's rights under this Agreement and any other claims that the Executive may have in respect of the Executive's employment with the

Company or any of its affiliates, and the Executive acknowledges that such amounts are fair and reasonable, and are the Executive's sole and exclusive remedy, in lieu of all other remedies at law or in equity, with respect to the termination of the Executive's employment hereunder or any breach of this Agreement.

9. RELEASE; SET-OFFS. Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond the Accrued Benefits shall only be payable if the Executive executes, delivers to the Company and does not revoke a general release of claims in the form provided by the Company. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within thirty (30) days following receipt of the release (or such longer period as may be required to obtain a full and valid release of claims under applicable law). Subject to the provisions of Section 22(b)(v) hereof, the Company's obligations to pay the Executive amounts hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by the Executive to the Company or any of its affiliates.

10. RESTRICTIVE COVENANTS.

(a) CONFIDENTIALITY. During the course of the Executive's employment and service with the Company, the Executive will have access to Confidential Information. For purposes of this Agreement, "Confidential Information" means the Company Group's or its affiliates' confidential and/or proprietary information and/or trade secrets that have been developed or used and/or will be developed and that cannot be obtained readily by third parties from outside sources, including, by way of example and without limitation, all data, information, ideas, concepts, discoveries, trade secrets, inventions (whether or not patentable or reduced to practice), innovations, improvements, know-how, developments, techniques, methods, processes, treatments, drawings, sketches, specifications, designs, patterns, models, plans and strategies, customers, suppliers, pricing, acquisition targets or strategies, and all other confidential or proprietary information or trade secrets in any form or medium (whether merely remembered or embodied in a tangible or intangible form or medium) whether now or hereafter existing, relating to or arising from the past, current or potential business, activities and/or operations of the Company Group or any of its affiliates, including, without limitation, any such information relating to or concerning finances, sales, marketing, advertising, transition, promotions, pricing, personnel, customers, suppliers, vendors, raw partners and/or competitors. The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's assigned duties and for the benefit of the Company Group, either during the period of the Executive's employment or service or at any time thereafter, any Confidential Information or other confidential or proprietary information received from third parties subject to a duty on the Company Group's and its affiliates' part to maintain the confidentiality of such information, and to use such information only for certain limited purposes, in each case, which shall have been obtained by the Executive during the Executive's employment by or service to the Company (or any predecessor). The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Company at the Company's expense in seeking a protective order or other appropriate protection of such information). The terms and conditions of this Agreement shall remain strictly confidential, and the Executive hereby agrees not to disclose the terms and conditions hereof to any person or entity, other than immediate family members, legal advisors or personal tax or financial advisors, or prospective future employers, as to the latter, solely for the purpose of disclosing the limitations on the Executive's conduct imposed by the provisions of this Section 10 who, in each case, agree to keep such information confidential.

(b) NON-COMPETITION. The Executive acknowledges that (i) the Executive performs services of a unique nature for the Company Group, and that the Executive's performance of such services to a competing business may result in irreparable harm to the Company Group, (ii) the Executive has had and will continue to have access to Confidential Information which, if disclosed, may unfairly and inappropriately assist in competition against the Company Group or any of its affiliates, (iii) in the course of the Executive's employment by a competitor, the Executive may inevitably use or disclose such Confidential Information, (iv) the Company Group and its affiliates have substantial relationships with their customers and the Executive has had and may continue to have access to these customers, (v) the Executive has received and will receive specialized training from the Company Group and its affiliates, and (vi) the Executive has generated and will continue to generate goodwill for the Company Group and its affiliates in the course of the Executive's employment and service. Accordingly, during the Executive's employment or service with the Company Group and for a period of one (1) year thereafter (the "Restricted Period"), the Executive agrees that the Executive will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in any business that competes with, at the date of termination, the then present business of the Company Group (which on the date of this Agreement is an outdoor products company that manufactures, markets, sells, and distributes fire pits, stoves, grills, casual men's clothing and weekend wear, as well as kayaks, paddleboards, coolers, and related products) (the "Restricted Business") within (I) the United States or (II) any other country in which the Company Group conducts the Restricted Business during the Executive's employment or service with the Company Group during the Restricted Period. Notwithstanding the foregoing, nothing herein shall prohibit the Executive from being a passive owner of not more than five percent (5%) of the equity securities of a publicly traded corporation or privately held company engaged in a business that is in competition with the Company Group or any of its affiliates, so long as the Executive has no active participation in the business of such corporation and does not increase any current holdings or make new investments in privately held entities.

(c) NON-SOLICITATION; NON-INTERFERENCE. During the Restricted Period, the Executive agrees that the Executive shall not, except in the furtherance of the Executive's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (i) solicit, aid or induce any customer of the Company Group or any of its affiliates to purchase goods or services related to the Restricted Business from another person, firm, corporation or other entity or assist or aid any other person or entity in identifying or soliciting any such customer, (ii) solicit, aid or induce any employee, representative or agent of the Company Group or any of its affiliates to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company Group or hire or retain any such employee, representative or agent, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent; or (iii) intentionally interfere, or intentionally aid or induce any other person or entity in interfering, with the relationship between the Company Group or any of its affiliates and any of their respective vendors, joint venturers or licensors which causes harm to the Company Group. An employee, representative or agent shall be deemed covered by this Section 10(c) while so employed or retained and for a period of twelve (12) months thereafter. Notwithstanding the foregoing, the provisions of this Section 10(c) shall not be violated by general advertising or solicitation not specifically targeted at Company Group-related persons or entities and shall not apply to persons known by Executive prior to beginning employment.

(d) NON-DISPARAGEMENT. The Executive agrees not to, at any time, make negative comments or otherwise disparage the Company Group or its officers, directors, employees, shareholders, members, agents or products other than in the good faith performance of the Executive's duties to the Company. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

(e) INVENTIONS.

(i) The Executive acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products, developments, software, know- how, processes, techniques, methods, works of authorship and other work product, whether patentable or unpatentable, (A) that are reduced to practice, created, invented, designed, developed, contributed to, or improved with the use of any Company Group resources and/or within the scope of the Executive's work with the Company Group and that are made or conceived by the Executive, solely or jointly with others, during the period of the Executive's employment or service with the Company Group (or any of its predecessors in interest), whether before or after the Effective Date, or (B) suggested by any work that the Executive performs in connection with the Company Group (or any of its predecessors in interest), either while performing the Executive's duties with the Company Group (or any of its predecessors in interest) or on the Executive's own time, but only insofar as they are related to the Executive's work as an employee or other service provider to the Company Group (or any of its predecessors in interest) (the "Inventions"), shall belong exclusively to the Company Group (or its designee), whether or not patent or other applications for intellectual property protection are filed thereon. The Executive will keep full and complete written records (the "Records"), in the manner prescribed by the Company Group, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company Group. The Records shall be the sole and exclusive property of the Company Group, and the Executive will surrender them upon the termination of the Employment Term, or upon the Company Group's request. The Executive hereby irrevocably conveys, transfers and assigns to the Company Group the Inventions and all patents or other intellectual property rights that may issue thereon in any and all countries, whether during or subsequent to the Employment Term, together with the right to file, in the Executive's name or in the name of the Company Group (or its designee), applications for patents and equivalent rights (the "Applications"). The Executive will, at any time during and subsequent to the Employment Term, make such applications, sign such papers, take all rightful oaths, and perform all other acts as may be reasonably requested from time to time by the Company Group to perfect, record, enforce, protect, patent or register the Company Group's rights in the Inventions, all without additional compensation to the Executive from the Company Group. The Executive will also execute assignments to the Company Group (or its designee) of the Applications, and give the Company Group and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for the Company Group's benefit, all without additional compensation to the Executive from the Company Group, but entirely at the Company Group's expense.

(ii) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company Group and the Executive agrees that the Company Group will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to the Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, or the rights in such Inventions do not otherwise automatically vest in the Company Group, the Executive hereby irrevocably conveys, transfers and assigns to the Company Group, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of the Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including, without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, whether known or unknown as of the Effective Date, including, without limitation, the right to receive all proceeds and damages from any of the foregoing. In addition, the Executive hereby waives any so-called "moral rights" with respect to the Inventions. To the extent that the Executive has any rights in the results and proceeds of the Executive's service to the Company Group that cannot be assigned in the manner described herein, the Executive agrees to unconditionally waive the enforcement of such rights. The Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents and other registrations for intellectual property that may issue thereon, including, without limitation, any rights that would otherwise accrue to the Executive's benefit by virtue of the Executive being an employee of or other service provider to the Company Group (or any of its predecessors in interest).

(iii) 18 U.S.C. §1833(b) provides: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement is intended to conflict with 18 U.S.C. §1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. §1833(b). Accordingly, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

(f) RETURN OF COMPANY PROPERTY. On the date of the Executive's termination of employment with the Company Group for any reason (or at any time prior thereto at the Company Group's request), the Executive shall return all property belonging to the Company Group or its affiliates (including, but not limited to, any Company Group-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company Group) and cooperate to provide Company Group access to any accounts required to conduct Company Group business.

(g) REASONABLENESS OF COVENANTS. In signing this Agreement, the Executive gives the Company Group assurance that the Executive has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under this Section 10. The Executive agrees that these restraints are necessary for the reasonable and proper protection of the Company Group and its affiliates and their Confidential Information and that each and every one of the restraints is reasonable in respect of subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Executive from obtaining other suitable employment during the period in which the Executive is bound by the restraints. The Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to the Company Group and its affiliates and that the Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force. The Executive further covenants that the Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 10. It is also agreed that each of the Company Group's affiliates will have the right to enforce all of the Executive's obligations to that affiliate under this Agreement, including without limitation pursuant to this Section 10.

(h) REFORMATION. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state.

(i) TOLLING. In the event of any violation of the provisions of this Section 10 by the Executive, the Executive acknowledges and agrees that the post-termination restrictions contained in this Section 10 shall be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the running of the applicable post- termination restricted period shall be tolled during any period of such violation.

(j) SURVIVAL OF PROVISIONS. The obligations contained in this Section 10 and Section 11 hereof shall survive the termination or expiration of the Employment Term and the Executive's employment or service with the Company Group and shall be fully enforceable thereafter.

11. COOPERATION. Upon the receipt of reasonable notice from the Company Group (including its outside counsel), the Executive agrees that while employed by, or providing services to, the Company Group and thereafter, the Executive will respond and provide information with regard to matters in which the Executive has knowledge as a result of the Executive's employment or service with the Company Group, and will provide reasonable assistance to the Company Group, its affiliates and their respective representatives in defense of all claims that may be made against the Company Group or its affiliates, and will assist the Company Group and its affiliates in the prosecution of all claims that may be made by the Company Group or its affiliates, to the extent that such claims may relate to the period of the Executive's employment or service with the Company Group. The Executive agrees to promptly inform the Company Group if the Executive becomes aware of any lawsuit involving such claims that is likely to be filed or threatened against the Company Group or its affiliates. The Executive also agrees to promptly inform the Company Group (to the extent that the Executive is legally permitted to do so) if the Executive is asked to assist in any investigation of the Company Group or its affiliates (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company Group or its affiliates with respect to such investigation, and shall not do so unless legally required. Upon presentation of appropriate documentation, the Company shall reimburse the Executive for any reasonable expenses the Executive incurs in connection with the Executive's cooperation under this provision.

12. EQUITABLE RELIEF AND OTHER REMEDIES. The Executive acknowledges and agrees that the Company Group's remedies at law for a breach or threatened breach of any of the provisions of Sections 10 or 11 hereof would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company Group shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available, without the necessity of showing actual monetary damages or the posting of a bond or other security. In the event of a violation by the Executive of Section 10 or 11 hereof, any severance being paid to the Executive pursuant to this Agreement or otherwise shall immediately cease, and any severance previously paid to the Executive shall be immediately repaid to the Company Group.

13. WHISTLEBLOWER PROTECTION. The Executive understands that nothing contained in this Agreement limits the Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the

Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). The Executive further understands that this Agreement does not limit the Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit the Executive's right to receive an award for information provided to any Government Agencies.

14. NO ASSIGNMENTS. This Agreement is personal to each of the parties hereto. Except as provided in this Section 14 hereof, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto. The Company may assign this Agreement to its affiliate or to any successor to all or substantially all of the business and/or assets of the Company; provided that the Company shall require such affiliate or successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company and any affiliate or successor to its business and/or assets, which assumes and agrees to perform the duties and obligations of the Company under this Agreement by operation of law or otherwise.

15. NOTICE. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery, if delivered by hand, (b) on the date of transmission, if delivered by email, (c) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

At the address shown in the books and records of the Company.

If to the Company or Parent:

Solo Brands, LLC
P.O. Box 726
Grapevine, TX 76099
Attention: Legal Department
Email: chris.metz@solobrands.com; kent.christensen@solobrands.com

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

16. SECTION HEADINGS; INCONSISTENCY. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement and any form, award, plan or policy of the Company Group, the terms of this Agreement shall govern and control.

17. SEVERABILITY. The provisions of this Agreement shall be deemed severable. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by applicable law.

18. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

19. GOVERNING LAW; JURISDICTION. This Agreement, the rights and obligations of the parties hereto, and all claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Texas, without regard to the choice of law provisions thereof. Each of the parties agrees that any dispute between the parties shall be resolved only in the courts of the State of Texas or the United States District Court for the Northern District of Texas and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits in any proceeding relating to this Agreement or the Executive's employment by the Company or any affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of Texas, the court of the United States of America for the Northern District of Texas, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding shall be heard and determined in such Texas State court or, to the extent permitted by law, in such federal court, (b) consents that any such Proceeding may and shall be brought in such courts and waives any objection that the Executive or the Company may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same, (c) WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE EXECUTIVE'S EMPLOYMENT BY THE COMPANY OR ANY AFFILIATE OF THE COMPANY, OR THE EXECUTIVE'S OR THE COMPANY'S PERFORMANCE UNDER, OR THE ENFORCEMENT OF, THIS AGREEMENT, (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at the Executive's or the Company's address as provided in Section 15 hereof, and (e) agrees that nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by the laws of the State of Texas. Each party shall pay all of its own costs and expenses, including, without limitation, its own legal fees and expenses.

20. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer or director of the Company as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto, as well as any additional agreements referenced herein, sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes any and all prior agreements or understandings between the Executive and the Company with respect to the subject matter hereof. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

21. REPRESENTATIONS. The Executive hereby represents and warrants to the Company that (a) the Executive has the legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed hereunder in accordance with its terms, and (b) the Executive is not a party to any agreement or understanding, written or oral, and is not subject to any restriction, which, in either case, could prevent the Executive from entering into this Agreement or performing all of the Executive's duties and obligations hereunder.

22. TAX MATTERS.

(a) WITHHOLDING. The Company Group may withhold from any and all amounts payable under this Agreement or otherwise such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(b) SECTION 409A COMPLIANCE.

(i) To the extent applicable, the intent of the parties is that payments and benefits under this Agreement comply with Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively, "Code Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Executive and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever shall the Company Group be liable for any additional tax, interest or penalty that may be imposed on the Executive by Code Section 409A or damages for failing to comply with Code Section 409A.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amount or benefit upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Notwithstanding anything to the contrary in this Agreement, if the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered "nonqualified deferred compensation" under Code Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six (6)- month period measured from the date of such "separation from service" of the Executive, and (B) the date of the Executive's death, to the extent required under Code Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 21(b)(ii) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and all remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(iii) To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Code Section 409A, (A) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(iv) For purposes of Code Section 409A, the Executive's right to receive installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(v) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment or benefit under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

23. EFFECTIVENESS. This Agreement shall become effective as of the Effective Date listed above upon execution of all parties.

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date first written above.

SOLO BRANDS, INC.

/s/ Chris Metz

Chris Metz
CEO of Solo Brands, Inc and Solo Brands LLC

EXECUTIVE

/s/ Laura Coffey

Laura Coffey

Exhibit 21.1

SOLO BRANDS, INC.
SUBSIDIARIES OF THE REGISTRANT

Subsidiary	Jurisdiction
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 Parent, 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
Solo Brands Japan	Japan
Terra Flame MX Holdings LLC	Delaware
BVB LLC	California
Sconberg Mexicana, S.A. de C.V.	Mexico
Sconberg LLC	Delaware
IcyBreeze Cooling LLC	Texas

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

1. 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.
2. Registration Statement (Form S-3 No. 333-271341) of Solo Brands, Inc and the related Prospectus

of our report dated March 14, 2024, 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, 2023.

/s/ Ernst & Young LLP

Dallas, Texas
March 14, 2024

Exhibit 31.1

CERTIFICATION

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

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

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

Date: March 14, 2024

By: /s/ Chris Metz

Chris Metz
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

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

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

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

Date: March 14, 2024

By: /s/ Laura Coffey

Laura Coffey
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Solo Brands, Inc. (the "Company") for the period ended December 31, 2023 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 14, 2024	By:	/s/ Chris Metz
		Chris Metz
		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.

Exhibit 32.2

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

In connection with the Annual Report on Form 10-K of Solo Brands, Inc. (the "Company") for the period ended December 31, 2023 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 14, 2024

By: /s/ Laura Coffey
Laura Coffey
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.

SOLO BRANDS, INC.

POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Solo Brands, Inc. (the "***Company***") has adopted this Policy for Recovery of Erroneously Awarded Compensation (the "***Policy***"), effective as of October 2, 2023 (the "***Effective Date***"). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to current and former Officers of the Company. Each Officer shall be required to sign an acknowledgment pursuant to which such Officer will agree to be bound by the terms of, and comply with, this Policy; however, any Officer's failure to sign any such acknowledgment shall not negate the application of this Policy to the Officer.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" in the Company's fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person's right to voluntarily terminate employment for "good reason," or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. <u>Administration</u>

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board of Directors of the Company (the "***Board***") may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. <u>Interpretation</u>

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. <u>No Indemnification; No Liability</u>

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. <u>Application; Enforceability</u>

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the

Company or an affiliate or required under applicable law (the "***Other Recovery Arrangements***"). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

"***Applicable Rules***" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company's securities are listed."***Committee***" means the committee of the Board responsible for executive compensation decisions comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee, a majority of the independent directors serving on the Board.

"***Erroneously Awarded Compensation***" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Financial Reporting Measure***" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock or share price and total equityholder return.

"***GAAP***" means United States generally accepted accounting principles.

"***IFRS***" means international financial reporting standards as adopted by the International Accounting Standards Board.

"***Impracticable***" means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company (i) has made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company's home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

"***Incentive-Based Compensation***" means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the issuer has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

"***Officer***" means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

"***Restatement***" means an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"***Three-Year Period***" means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The "Three-Year Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

ACKNOWLEDGMENT AND CONSENT TO
POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The undersigned has received a copy of the Policy for Recovery of Erroneously Awarded Compensation (the “Policy”) adopted by Company (the “Company”).

For good and valuable consideration, the receipt of which is acknowledged, the undersigned agrees to the terms of the Policy and agrees that compensation received by the undersigned may be subject to reduction, cancellation, forfeiture and/or recoupment to the extent necessary to comply with the Policy, notwithstanding any other agreement to the contrary. The undersigned further acknowledges and agrees that the undersigned is not entitled to indemnification in connection with any enforcement of the Policy and expressly waives any rights to such indemnification under the Company’s organizational documents or otherwise.

Date Signature

Name

Title