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

FORM 10-Q

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

For the quarterly period ended March 31, 2025

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 001-41275

BRC Inc.
(Exact name of registrant as specified in its charter)

Delaware	**87-3277812**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1144 S. 500 W
Salt Lake City, UT 84101
(Address of principal executive office, zip code)

(801) 874-1189
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, $0.0001 par value	BRCC	New York Stock Exchange

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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 28, 2025, the registrant had (i) 78,697,074 shares of Class A common stock, par value $0.0001 per share (the "Class A Common Stock") and, (ii) 134,523,964 shares of Class B common stock, par value $0.0001 per share (the "Class B Common Stock") outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") includes statements that express the Company's opinions, expectations, hopes, beliefs, plans, intentions, objectives, strategies, assumptions or projections regarding future events or future results of operations or financial condition and therefore are, or may be deemed to be, "forward-looking statements." The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements appear in a number of places throughout this Quarterly Report and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, results of operations, the Company's financial condition, liquidity, prospects, growth, strategies, future market conditions or economic performance and developments in the capital and credit markets and expected future financial performance, the markets in which the Company operates as well as any information concerning possible or assumed future results of operations of the Company. Such forward-looking statements are based on information available as of the date of this Quarterly Report and management's expectations, beliefs and forecasts concerning future events impacting the Company. Factors that may cause such forward-looking statements to differ from actual results include, but are not limited to:

- Competition and our ability to grow, manage sustainable expansion, and retain key employees;
- Failure to compete effectively with other producers, distributors and retailers of coffee and energy drinks;
- Our limited operating history, which may hinder the successful execution of strategic initiatives and make it difficult to assess future risks and challenges;
- Challenges in managing rapid growth, inventory needs, and relationships with key business partners;
- Inability to raise additional capital necessary for business development;
- Failure to achieve or sustain long-term profitability;
- Inability to effectively manage debt obligations;
- Failure to maximize the value of assets received through bartering transactions;
- Negative publicity affecting our brand, reputation, or that of key employees;
- Failure to uphold our position as a supportive member of the Veteran and military communities, or other factors negatively affecting brand perception;
- Inability to establish and maintain strong brand recognition through intellectual property or other means;
- Shifts in consumer spending, lack of interest in new products or changes in brand perception upon evolving consumer preferences and tastes;
- Unsuccessful marketing campaigns that incur costs without attracting new customers or realizing higher revenue;
- Failure to attract new customers or retain existing customers;
- Risks associated with reliance on social media platforms, including dependence on third-party platforms for marketing and engagement;
- Declining performance of the Direct-to-Consumer ("DTC") revenue channel;
- Inability to effectively manage or scale distribution through Wholesale business partners, particularly key Wholesale partners;
- Failure to manage supply chain operations effectively, including inaccurate forecasting of raw material and co-manufacturing requirements;
- Loss of one or more co-manufacturers or production delays, quality issues, or labor-related disruptions affecting manufacturing output;
- Supply chain disruptions or failures by third-party suppliers to deliver coffee, store supplies, ready-to-drink ("RTD") beverage ingredients, or merchandise, including disruptions caused by external factors;
- Ongoing risks related to supply chain volatility and reliability, including political and climate risks;
- Fluctuations in the market for high-quality coffee beans and other key commodities;
- Unpredictable changes in the cost and availability of real estate, labor, raw materials, equipment, transportation, or shipping;
- Failure to successfully open new Outpost Retail Stores ("Outposts"), including permitting delays, development challenges, or underperformance of existing locations;

- Risks related to long-term, non-cancelable lease obligations and other real estate-related concerns;
- Inability of franchise partners to successfully operate and manage their franchise locations;
- Failure to maintain high-quality customer experiences for retail partners and end users, including production defects or issues caused by co-manufacturers that negatively impact product quality and brand reputation;
- Failure to comply with food safety regulations or maintain product quality standards;
- Difficulties in successfully expanding into new domestic and international markets;
- Failure to comply with federal, state, and local laws and regulations, or inability to prevail in civil litigation matters;
- Risks related to potential unionization of employees;
- Failure to protect against cybersecurity threats, software vulnerabilities, or hardware security risks; and
- Other risks and uncertainties indicated in Part II. Item 1A. Risk Factors this Quarterly Report and in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission (the “SEC”) on March 3, 2025 (the “2024 Form 10-K”) including those set forth under “Item 1A. Risk Factors” included therein.

The forward-looking statements contained in this Quarterly Report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under “Item 1A. Risk Factors” in our 2024 Form 10-K and described under "Item 1A. Risk Factors" in Part II of this Quarterly Report. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

BRC Inc.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and par value amounts)

	March 31, 2025 (unaudited)	December 31, 2024 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 3,902	$ 6,810
Accounts receivable, net	27,005	33,604
Inventories, net	50,498	42,647
Prepaid expenses and other current assets	13,657	12,410
Total current assets	95,062	95,471
Property, plant and equipment, net	56,645	59,204
Operating lease, right-of-use asset	26,111	26,703
Non-current prepaid marketing expenses	44,590	45,506
Identifiable intangibles, net	344	359
Other	138	139
Total assets	$ 222,890	$ 227,382
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 34,134	$ 38,817
Accrued liabilities	30,661	27,900
Deferred revenue and gift card liability	3,814	3,918
Current maturities of long-term debt	2,297	2,047
Current operating lease liability	2,433	2,523
Current maturities of finance lease obligations	12	13
Total current liabilities	73,351	75,218
Non-current liabilities:		
Long-term debt, net	66,472	63,027
Finance lease obligations, net of current maturities	18	—
Operating lease liability	28,456	29,087
Other non-current liabilities	10,408	10,554
Total non-current liabilities	105,354	102,668
Total liabilities	178,705	177,886
Commitments and Contingencies (Note 14)		
Stockholders' equity:		
Preferred Stock, $ 0.0001 par value, 1,000,000 shares authorized; no shares issued or outstanding as of March 31, 2025 and December 31, 2024, respectively	—	—
Class A Common Stock, $ 0.0001 par value, 2,500,000,000 shares authorized; 78,609,684 and 78,286,909 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	8	8
Class B Common Stock, $ 0.0001 par value, 300,000,000 shares authorized; 134,536,464 shares issued and outstanding as of both March 31, 2025 and December 31, 2024	13	13
Class C Common Stock, $ 0.0001 par value, 1,500,000 shares authorized; no shares issued or outstanding as of March 31, 2025 and December 31, 2024, respectively	—	—
Additional paid in capital	137,470	136,583
Accumulated deficit	(126,318)	(123,430)
Total BRC Inc.'s stockholders' equity	11,173	13,174
Non-controlling interests	33,012	36,322
Total stockholders' equity	44,185	49,496
Total liabilities and stockholders' equity	$ 222,890	$ 227,382

See accompanying notes to consolidated financial statements.

BRC Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2025	2024
Revenue, net	$ 89,974	$ 98,392
Cost of goods sold	57,502	56,207
Gross profit	32,472	42,185
Operating expenses		
Marketing and advertising	11,322	7,609
Salaries, wages and benefits	13,563	15,261
General and administrative	11,786	15,346
Other operating expense, net	1,233	14
Total operating expenses	37,904	38,230
Operating income (loss)	(5,432)	3,955
Non-operating expenses		
Interest expense, net	(2,370)	(2,051)
Total non-operating expenses	(2,370)	(2,051)
Income (loss) before income taxes	(7,802)	1,904
Income tax expense	44	49
Net income (loss)	$ (7,846)	$ 1,855
Less: Net income (loss) attributable to non-controlling interest	(4,958)	1,307
Net income (loss) attributable to BRC Inc.	$ (2,888)	$ 548
Net income (loss) per share attributable to Class A Common Stock		
Basic and diluted	$ (0.04)	$ 0.01
Weighted-average shares of Class A Common Stock outstanding		
Basic	78,411,354	66,312,366
Diluted	78,411,354	66,597,626

See accompanying notes to consolidated financial statements.

BRC Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for number of shares)
(unaudited)

	Shares									
	Class A Common Stock	Class B Common Stock	Class C Common Stock	Class A Common Stock	Class B Common Stock	Class C Common Stock	Additional Paid-In Capital	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity
Balance at January 1, 2025	78,286,909	134,536,464	—	$ 8	$ 13	$ —	$ 136,583	$ (123,430)	$ 36,322	$ 49,496
Equity-based compensation	—	—	—	—	—	—	943	—	1,648	2,591
Employee stock purchase plan	100,626	—	—	—	—	—	194	—	—	194
Vesting of stock awards, net of shares withheld for taxes	222,149	—	—	—	—	—	(250)	—	—	(250)
Net loss	—	—	—	—	—	—	—	(2,888)	(4,958)	(7,846)
Balance at March 31, 2025	78,609,684	134,536,464	—	$ 8	$ 13	$ —	$ 137,470	$ (126,318)	$ 33,012	$ 44,185

	Shares									
	Class A Common Stock	Class B Common Stock	Class C Common Stock	Class A Common Stock	Class B Common Stock	Class C Common Stock	Additional Paid-In Capital	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Equity
Balance at January 1, 2024	65,637,806	146,484,989	—	$ 6	$ 15	$ —	$ 133,728	$ (120,478)	$ 33,237	$ 46,508
Equity-based compensation	—	—	—	—	—	—	612	—	1,340	1,952
Common Unit redemption	1,405,124	(1,405,124)	—	—	—	—	(42)	—	42	—
Employee stock purchase plan	63,832	—	—	—	—	—	251	—	—	251
Vesting of stock awards, net of shares withheld for taxes	28,235	—	—	—	—	—	(30)	—	—	(30)
Net income	—	—	—	—	—	—	—	548	1,307	1,855
Balance at March 31, 2024	67,134,997	145,079,865	—	$ 6	$ 15	$ —	$ 134,519	$ (119,930)	$ 35,926	$ 50,536

See accompanying notes to consolidated financial statements.

BRC Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2025	**2024**
Operating activities		
Net income (loss)	$ (7,846)	$ 1,855
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,576	2,413
Equity-based compensation	2,591	1,952
Amortization of debt issuance costs	266	301
Loss on disposal of assets	839	511
Paid-in-kind interest	1,234	—
Other	350	315
Changes in operating assets and liabilities:		
Accounts receivable, net	6,586	58
Inventories, net	(7,851)	(2,405)
Prepaid expenses and other assets	(25)	(1,892)
Accounts payable	(4,401)	7,264
Accrued liabilities	2,511	(2,331)
Deferred revenue and gift card liability	(104)	(3,468)
Operating lease liability	(721)	371
Other liabilities	(146)	(30)
Net cash provided by (used in) operating activities	(4,141)	4,914
Investing activities		
Purchases of property, plant and equipment	(1,173)	(2,718)
Proceeds from sale of property and equipment	—	41
Net cash used in investing activities	(1,173)	(2,677)
Financing activities		
Proceeds from issuance of long-term debt, net of discount	98,904	21,829
Debt issuance costs paid	(147)	(164)
Repayment of long-term debt	(96,162)	(32,224)
Financing lease obligations	17	20
Repayment of promissory note	(400)	(400)
Issuance of stock from the Employee Stock Purchase Plan	194	251
Net cash provided by (used in) financing activities	2,406	(10,688)
Net decrease in cash, cash equivalents and restricted cash	(2,908)	(8,451)
Cash and cash equivalents, beginning of period	6,810	12,448
Restricted cash, beginning of period	—	1,465
Cash and cash equivalents, end of period	$ 3,902	$ 3,997
Restricted cash, end of period	$ —	$ 1,465

BRC Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2025	**2024**
Non-cash operating activities		
Derecognition of right-of-use operating lease assets	$ —	$ (1,955)
Recognition of revenue for inventory exchanged for prepaid advertising	$ —	$ 8,487
Non-cash investing and financing activities		
Property and equipment purchased but not yet paid	$ 22	$ 622
Supplemental cash flow information		
Cash paid for income taxes	$ 72	$ 58
Cash paid for interest	$ 756	$ 1,816

See accompanying notes to consolidated financial statements.

BRC Inc.

INDEX FOR NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BRC Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except unit/share and per unit/share amounts)
(unaudited)

1. Organization and Nature of Business

BRC Inc., a Delaware public benefit corporation ("BRC Inc." or the "Company"), previously entered into a Business Combination Agreement, dated as of November 2, 2021, as amended by the First Amendment to Business Combination Agreement, dated as of January 4, 2022 (the "First Amendment" and the Business Combination Agreement as so amended, the "Business Combination Agreement"), each by and among BRC Inc., SilverBox Engaged Merger Corp I, a Delaware corporation ("SilverBox"), Authentic Brands LLC, a Delaware limited liability company ("Authentic Brands"), and certain other parties thereto. On February 9, 2022, as contemplated by the Business Combination Agreement, a series of transactions (the "Business Combination") were completed (the "Closing") for an estimated value of $1,839,815 as a result of which Authentic Brands became a subsidiary of BRC Inc., with BRC Inc. acting as sole managing member thereof as a public benefit corporation.

BRC Inc. conducts substantially all of its business through its solely managed subsidiary, Authentic Brands, and Authentic Brands' subsidiaries, all of which are consolidated in these financial statements. Authentic Brands, through its wholly-owned subsidiaries, purchases, roasts, and sells high quality coffee, coffee accessories, energy drinks and branded apparel through its online channels and business networks. Authentic Brands also develops and promotes online content for the purpose of growing its brands, which include Black Rifle Coffee Company ("BRCC").

Unless the context indicates otherwise, references to "the Company," "we," "us" and "our" refers to BRC Inc. and its consolidated subsidiaries following the closing of the Business Combination.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The Company has prepared the accompanying consolidated financial statements and accompanying notes in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information. The consolidated financial statements reflect the financial position and operating results of the Company including its wholly-owned subsidiaries. These financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair statement of the operating results for the interim periods presented. Intercompany transactions and balances have been eliminated in consolidation. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the year ended December 31, 2024 included in the Company's Annual Report on Form 10-K filed with the SEC on March 3, 2025.

The Business Combination was accounted for as a reverse recapitalization transaction between entities under common control, whereas Authentic Brands was considered the accounting acquirer and predecessor entity. The Business Combination was reflected as the equivalent of Authentic Brands issuing stock for the net assets of SilverBox, accompanied by a recapitalization with no incremental goodwill or intangible assets recognized.

Authentic Brands was determined to be the predecessor entity to the Business Combination based on a number of considerations, including:

- Authentic Brands former management making up the majority of the management team of BRC Inc.;
- Authentic Brands former management nominating or representing the majority of BRC Inc.'s Board of Directors (the "Board of Directors");
- Authentic Brands representing the majority of the continuing operations of BRC Inc.; and
- The chief executive officer of Authentic Brands then having voting control of the combined company.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes. Such estimates include but are not limited to estimated losses on accounts receivable, inventory reserves, undiscounted future cash flows and the fair value of assets or asset groups for the purpose of assessing impairment of long-lived assets, liabilities for contingencies, equity-based compensation, estimates for sales returns and related allowance, loyalty rewards, deferred revenue, and measurement and realization of deferred tax assets. Actual results could differ materially from those estimates.

Revenue Recognition

The Company recognizes revenue in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, or Accounting Standards Codification ("ASC") 606. Revenue is recognized when, or as, control of a promised product or service transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products. Revenue excludes any amounts collected on behalf of third parties, including sales and indirect taxes. Revenue recognition is evaluated through the following five steps:

1. Identification of the contract with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue when or as a performance obligation is satisfied.

Sources and Timing of Revenue

The Company's revenue is primarily derived from product sales through its e-commerce websites and to Wholesale customers who sell the products to end users. In addition, the Company derives revenues from Company-operated store locations, and franchise and license agreements. Revenues from the sale of products and merchandise are recognized when control of the product passes to the customer, typically at the date of delivery of the merchandise to the customer and in an amount that reflects the expected consideration to be received in exchange for such goods. As such, customer orders are recorded as deferred revenue prior to delivery of products. As the Company ships high volumes of packages through multiple carriers, it is not practical for the Company to track the actual delivery date of each shipment. Therefore, the Company uses estimates to determine which shipments are delivered and recognizes revenue based on these estimates at the end of the period. Delivery date estimates are based on average transit times calculated based on factors such as the type of carrier, the fulfillment source, the delivery destination and historical transit time experience. Actual shipping times may differ from the Company's estimates. Costs to obtain or fulfill a contract with a customer are expensed as incurred and are generally not significant.

Revenues from Company-operated stores are recognized when payment is tendered at the point of sale as the performance obligation has been satisfied. Store revenues are reported excluding sales, use or other transaction taxes that are collected from customers and remitted to taxing authorities.

Deferred Revenue

Deferred revenue consists of amounts billed to or received from customers prior to delivery of products. The Company recognizes such amounts in revenues when the product is delivered.

Gift Cards

Gift cards can be purchased online through the Company's website in digital or physical format. In addition, physical gift cards can be purchased at any of the Company-operated store locations and limited franchise owned stores. When a gift card is purchased, the Company recognizes a corresponding liability for the full amount of the gift card, which is recorded in "Deferred revenue and gift card liability" on the consolidated balance sheets. Gift cards can be redeemed online through the Company's website and at any of the Company-operated store locations and limited franchise owned stores. When a gift card is redeemed, the Company reduces the corresponding liability and recognizes revenue. There are no expiration dates to the gift cards. While the Company will continue to honor all gift cards presented for payment, the Company may determine the likelihood of redemption, based on historical experience, is deemed to be remote for certain cards due to long periods of inactivity. In these circumstances if the Company also determines there is no requirement for remitting balances to government agencies under unclaimed property laws, unredeemed card balances may then be recognized as breakage income, which is included in "Revenue, net" on the consolidated statements of operations.

Loyalty Rewards Program

In August 2020, BRCC established its BRCC Loyalty Points rewards program (the "Loyalty Program"), which is primarily a spend-based program. BRCC customers who establish an online account are enrolled in the Loyalty Program. Under the program, there are multiple levels in which customers can participate and earn loyalty points. Subscription customers (customers in the BRCC Coffee Club or subscribed to another subscription product type) are in the highest tier and earn 5% on purchases. Non-subscription customers earn 1% on purchases. Any customer who spends $200 or more annually can also earn 5% on purchases after the spending criteria is met. In addition to earning points on purchases, customers can earn points through certain other activities. BRCC reserves the right in its sole discretion to modify, change, add, or remove activities which can be accomplished to earn points at any time. Under the Loyalty Program, customers may redeem rewards as they reach minimum thresholds per reward. The Company reserves the right to modify, change, add, or remove rewards and their points thresholds at any time. BRCC loyalty points will expire one year after they have been earned. Conversion of rewards are non-changeable after redemption, have no cash value, and are non-transferable. A portion of the rewards that are expected to expire and not be redeemed will be recognized as income over time. Based on historical expiration rates, the Company estimates a certain percentage of rewards to expire and reassesses this estimate on a quarterly basis.

The Company defers revenue associated with the points earned through purchases that are expected to be redeemed, net of estimated unredeemed loyalty points. When a customer redeems an earned reward, the Company recognizes revenue for the redeemed product and reduces the related deferred revenue liability. The deferred revenue liability is included in "Deferred revenue and gift card liability" on the consolidated balance sheets. Until March 2024, BRCC loyalty points expired if there was no account activity (i.e., if there is no new purchase made or order placed) for a period of twelve months. In March 2024, BRCC amended the Loyalty Program such that BRCC loyalty points expire after twelve months without consideration of account activity. The change in BRCC's Loyalty Program points policy regarding expired points resulted in a reduction to the deferred revenue liability and an increase to revenue in our DTC Channel of $3,361 for the three months ended March 31, 2024.

For those points that are earned through other activities, the Company recognizes the redemption of these points as a discount to the transaction price at time of sale. Refer to Note 7, *Deferred Revenue and Gift Card Liability* for information about changes in the current portion of deferred revenue and gift card liability for the three months ended March 31, 2025 and 2024.

Franchise Store Revenues

Franchise rights may be granted through franchise agreements that set out the terms of the arrangement with the franchisee. The franchise agreements require that the franchisee remit continuing fees to the Company as a percentage of the applicable store's revenues in exchange for the license of the intellectual property associated with BRCC's brands. A portion of these fees are dedicated for national marketing campaigns, promotional programs and materials, and other activities that we believe enhance the image of the BRCC brand. Continuing fees represent a portion of the consideration the Company receives under the franchise agreement. Continuing fees are typically billed and collected weekly. Continuing fees are recognized as the related store sales occur. Revenues from continuing fees are included in "Revenue, net" on the consolidated statements of operations.

Under the franchise agreements, BRCC sells products and equipment to its franchisees. The revenue associated with these product and equipment sales are recognized when control passes to the franchisee, typically at the date of delivery of the merchandise to the franchisee and in an amount that reflects the expected consideration to be received in exchange for such goods.

The franchise agreements also typically require upfront franchise fees such as initial fees paid for the execution of a franchise agreement. The fees associated with these agreements are typically billed and paid when a new franchise agreement becomes effective. The Company has determined that the services it provides in exchange for upfront franchise fees, which primarily relate to pre-opening support, are highly interrelated with the franchise right and are not individually distinct from the ongoing services provided to the Company’s franchisees. As a result, upfront franchise fees are recognized as revenue over the term of each respective franchise agreement, generally 10 years. Revenues for these upfront franchise fees are recognized on a straight-line basis, which is consistent with the franchisee’s right to use and benefit from the intellectual property associated with BRCC's brands. The current portion of revenues from upfront franchise fees are included in "Deferred revenue and gift card liability" and the long-term portion of revenues from upfront franchisee fees are included in "Other non-current liabilities" on the consolidated balance sheets.

License Revenues

License rights may be granted through license agreements that set out the terms of the Company’s arrangement with the licensee. The Company’s license agreements require that the licensee remit continuing fees to the Company as a percentage of the applicable store’s revenues in exchange for the license of the intellectual property associated with BRCC’s brands. In addition, licensed store revenues consist of product sales to the licensee. The revenue associated with these product sales are recognized when control of the product passes to the licensee, typically at the date of delivery of the merchandise to the licensee and in an amount that reflects the expected consideration to be received in exchange for such goods. Continuing fees are recognized as the related store sales occur.

The Company’s license agreements also typically require upfront license fees such as initial fees paid for the execution of a license agreement. The fees associated with these agreements are typically billed and paid when a new license agreement becomes effective. The Company has determined the services it provides in exchange for upfront license fees, which primarily relate to initial license set up and are not individually distinct from the ongoing services it provides to its licensees. As a result, upfront license fees are recognized as revenue over the term of each respective license agreement, generally 10 years. Revenues for these upfront license fees are recognized on a straight-line basis, which is consistent with the licensee’s right to use and benefit from the intellectual property. Revenues from continuing fees and upfront license fees are presented within “Revenue, net” on the consolidated statements of operations.

Disaggregation of Revenue

The Company disaggregates revenue by sales channel. The Wholesale channel includes product revenue sold to an intermediary and not directly to the consumer. The DTC channel principally comprises revenue from our e-commerce websites and subscription services directly to the consumer. The Outpost channel includes revenue from Company-operated stores, gift cards, franchise stores and licensing.

The following table disaggregates revenue by sales channel (*dollars in thousands, unaudited*):

	Three Months Ended March 31,	
	2025	**2024**
Wholesale	$ 56,791	$ 60,428
DTC	27,720	32,614
Outpost	5,463	5,350
Total net sales	$ 89,974	$ 98,392

Substantially all revenue is derived from customers located in the United States. One wholesale customer and its affiliate represented33% and 29% of revenue for the three months ended March 31, 2025 and 2024, respectively.

Sales Returns and Discounts

The Company’s product sales contracts include terms that could cause variability in the transaction price for items such as discounts, credits, charge backs, or sales returns. Accordingly, the transaction price for product sales includes estimates of variable consideration to the extent it is probable that a significant reversal of revenue recognized will not occur.

The Company inspects returned items when they arrive at its processing facilities. The Company refunds the full cost of the merchandise returned if the returned item is defective or the Company or its partners have made an error, such as shipping the wrong product. If the return is not a result of a product defect or a fulfillment error and the customer initiates a return of an unopened item within 30 days of delivery, for most products the Company refunds the full cost of the merchandise less the original shipping charge and actual return shipping fees. If the customer returns an item that has been opened or shows signs of wear, the Company issues a partial refund minus the original shipping charge and actual return shipping fees. Bagged coffee and rounds are not eligible for returns. Revenue is recorded net of estimated returns. The Company records an allowance for returns based on current period revenues and historical returns experience. The Company analyzes actual historical returns, current economic trends and changes in order volume and acceptance of its products when evaluating the adequacy of the sales returns allowance in any accounting period. The allowance for sales returns and charge backs was $467 and $560 as of March 31, 2025 and December 31, 2024, respectively, and included in "Accounts receivable, net" on the consolidated balance sheets.

Shipping and Handling Fees and Costs

Shipping and handling is considered a fulfillment activity, as it takes place prior to the customer obtaining control of the merchandise, and fees charged to customers are included in net revenue upon completion of the performance obligation.

Segment Information

The Company reports operations as a single reportable segment and manages the business as a single-brand consumer products business. This is supported by the operational structure, which includes sales, product design, operations, marketing, and administrative functions focused on the entire product suite rather than individual product categories or sales channels. In accordance with ASC 280, "*Segment Reporting*", the Company's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer, who reviews financial information on a consolidated basis and does not regularly review financial information for individual sales channels, product categories or geographic regions that would allow decisions to be made about allocation of resources or performance. The information reviewed by the CODM is consistent with the presentation on the consolidated statements of operations.

Cost of Goods Sold

Cost of goods sold includes product costs, labor costs, occupancy costs, outbound shipping costs, handling and fulfillment costs, credit card fees, and royalty fees, and is recorded in the period incurred.

In 2024, the Company received a purchase incentive to compensate for incremental transition costs as part of an agreement with a co-manufacturing partner for the manufacture and distribution of rounds. The purchase incentive is recognized as a reduction of cost of sales based on units sold over the term of the agreement. The amount of the deferred fees related to the purchase incentive to be recognized in the next twelve months is classified as current in the financial line item “Accrued liabilities” while the remainder of the deferred fees related to the purchase incentive is recorded in “Other non-current liabilities" on the consolidated balance sheets. Refer to Note 6, *Accrued Liabilities* for information about changes in the current portion of deferred purchase incentive fees as of March 31, 2025 and December 31, 2024.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents also include proceeds due from credit card transactions with settlement terms of less than five days. The Company maintains cash and cash equivalent balances with financial institutions that exceed federally insured limits. The Company has not experienced any losses related to these balances, and it believes credit risk to be minimal.

Restricted cash relates to amounts that are held by former lenders to secure certain commercial credit obligations until such obligations have been satisfied.

Accounts Receivable, Net

Accounts receivable consist primarily of trade amounts due from business customers at period end. Accounts receivable are recorded at invoiced amounts and do not bear interest. From time to time, the Company grants credit to business customers on normal credit terms. The Company maintains an allowance for doubtful accounts receivable based upon its business customers’ financial condition and payment history, and its historical collection experience and expected collectability of accounts receivable. The allowance for doubtful accounts receivable was $626 and $593 as of March 31, 2025 and December 31, 2024, respectively.

Inventories, Net

Inventories are stated at the lower of cost, which approximates First In, First Out ("FIFO"), or net realizable value. The Company records inventory reserves for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, historical experience and application of the specific identification method. Inventories, net were $50,498 and $42,647 as of March 31, 2025 and December 31, 2024, respectively. Finished goods includes allocations of labor and occupancy expenses, and inbound transportation costs.

Property, Plant and Equipment, Net

Property, plant and equipment, net are stated at cost with depreciation calculated using the straight-line method over the estimated useful lives of the related assets or the term of the related finance lease, whichever is shorter. Leasehold improvements are amortized over the shorter of the term of the related leases or estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are derecognized, and any resulting gain or loss is reflected in earnings for the period. The cost of maintenance and repairs are charged to earnings as incurred; significant renewals and improvements are capitalized.

Estimated useful lives are as follows:

	Estimated Useful Lives
Land	—
Building and Leasehold improvements	5 - 39 years
Computer equipment and software	3 years
Machinery and equipment	5 - 15 years
Vehicles	5 years

Identifiable Intangibles - Internal Use Software

In accordance with ASC 350-40, *Intangibles - Goodwill and Other, Internal-Use Software*, the Company capitalizes qualifying internal use software costs that are incurred during the application development stage if management with the relevant authority authorizes the project, it is probable the project will be completed, and the software will be used to perform the function intended. Capitalized internal use software costs are reported in property and equipment on the consolidated balance sheets and are amortized over the expected economic life of three years using the straight-line method once the software is ready for intended use. Costs incurred for enhancements that are expected to result in additional significant functionality are capitalized and amortized over the estimated useful life of the enhancement. Costs related to preliminary project activities and post-implementation activities, including training and maintenance, are expensed as incurred. Capitalized software costs net of accumulated amortization are included as a component of "Property, plant and equipment, net" on the consolidated balance sheets.

Impairment of Long-Lived Assets

The Company reviews the recoverability of its long-lived assets, such as property and equipment and identifiable intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable. These events primarily include current period losses combined with a history of losses or a decision to close a store. The assessment of possible impairment is based on the Company’s ability to recover the carrying value of the asset or asset group from the expected future undiscounted pre-tax cash flows of the related operations. If these undiscounted cash flows are less than the carrying amount of the related asset, an impairment is recognized for the excess of the carrying value over its fair value.

Leases

The Company leases certain property and equipment under non-cancelable finance and operating leases which expire at various dates through 2043. The majority of our leases are operating leases for our Company-operated Outposts. We also lease distribution, warehouse, and corporate office facilities. We do not enter into material lease transactions with related parties. We categorize leases as either operating or finance leases at the commencement date of the lease. Operating lease agreements may contain tenant improvement allowances, rent holidays, rent escalation clauses and/or contingent rent provisions. We have lease agreements with lease and non-lease components, which are accounted for together as a single lease component for underlying classes of assets. The Company has estimated that the lease term for retail stores is generally 10 years to 15 years.

We recognize a right-of-use (“ROU”) asset and lease liability for each operating lease with a contractual term greater than twelve months at the time of lease inception. We do not record leases with an initial term of twelve months or less on our consolidated balance sheet but continue to record rent expense on a straight-line basis over the lease term. Our leases often include options to extend or terminate at our sole discretion, which are included in the determination of the lease term when they are reasonably certain to be exercised.

Our lease liability represents the present value of future lease payments over the lease term. We cannot determine the interest rate implicit in each of our leases. Therefore, we use market and term-specific incremental borrowing rates. Our incremental borrowing rate for a lease is the rate of interest we expect to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. We considered a combination of factors, including the rates that we currently pay on our lines of credit, lease terms and the effect of adjusting the rate to reflect the term consideration of collateral.

Total lease costs recorded as rent and other occupancy costs include fixed operating lease costs and short-term lease costs. Our real estate leases may require that we pay certain expenses, such as common area maintenance costs, real estate taxes and other executory costs, of which any fixed portion would be included in operating lease costs. We recognize operating lease costs on a straight-line basis over the lease term. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. A significant majority of our leases are related to our Company-operated Outposts, and their related costs are recorded within "General and administrative" expenses on the consolidated statements of operations.

The ROU asset is measured at the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, initial direct costs, and any material tenant improvement allowances reasonably certain to be received. For operating leases, ROU assets are reduced over the lease term by the recognized straight-line lease expense less the amount of accretion of the lease liability determined using the effective interest method. For finance leases, assets are amortized on a straight-line basis over the shorter of the useful life of the leased asset or the lease term. Interest expense on each finance lease liability is recognized utilizing the effective interest method. ROU assets are tested for impairment in the same manner as long-lived assets. Additionally, we monitor for events or changes in circumstances that may require a reassessment of one of our leases and determine if a remeasurement is required.

Income Taxes

The Company accounts for income taxes under the liability method, and deferred tax assets ("DTA") and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. DTAs and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided if it is determined that it is more likely than not that the DTA will not be realized. The Company records interest and penalty expense related to income taxes as interest and other expense, respectively.

The Company evaluates and accounts for uncertain tax positions using a two-step approach: Step 1. Recognition – occurs when the Company concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustainable upon examination. Step 2. Measurement – determines the amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Derecognition of a tax position that was previously recognized would occur when the Company subsequently determines that a tax position no longer meets the more likely-than-not threshold of being sustained.

Equity-Based Compensation

The Company recognizes the cost of equity-based compensation awards and incentive unit awards based on the fair value estimated in accordance with ASC 718,*Stock Based Compensation*. The Company records equity-based compensation expense for awards with only a service based vesting condition based on the fair value of such awards at the grant date and recognizes compensation expense on a straight-line basis over the requisite service period. Equity-based compensation expense for awards with market based vesting conditions is recorded based on the fair value of such awards at the grant date and recognized on an accelerated basis over the requisite service period. The assumptions used to calculate the fair value of equity awards granted are evaluated and revised, as necessary, to reflect the Company's historical experience and current market conditions. For more information, see Note 10, *Equity-Based Compensation*.

Earnings Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) attributable to Class A Common Stock by the weighted-average shares of Class A Common Stock outstanding without the consideration for potential dilutive securities. Diluted net income (loss) per share represents basic net income (loss) per share adjusted to include the potentially dilutive effect of outstanding unvested share awards, and units of Authentic Brands designated as common units (the “Common Units”) and restricted units (the “Restricted Common Units”) in the Third Amended and Restated Limited Liability Company Operating Agreement of Authentic Brands (the "LLC Agreement") that are exchangeable into shares of Class A Common Stock. Diluted net income (loss) per share is computed by dividing the net income (loss) attributable to Class A Common Stock by the weighted-average number of shares of Class A Common Stock outstanding for the period determined using the treasury stock method and if-converted method, as applicable. As the impact of these if-converted securities is generally antidilutive during periods of net loss, the diluted net loss per share calculation for periods with net losses is the same as the basic net loss per share. For more information, see Note 13, *Net Income (Loss) Per Share*.

Concentrations of Credit Risk

The Company’s assets that are potentially subject to concentrations of credit risk are cash and accounts receivable. Cash balances are maintained in financial institutions which at times exceed federally insured limits. The Company monitors the financial condition of the financial institutions in which its accounts are maintained and has not experienced any losses in such accounts. The accounts receivable of the Company are spread over a number of customers, of which four customers accounted for 54% of total outstanding receivables as of March 31, 2025 and four customers accounted for 63% of total outstanding receivables as of December 31, 2024. The Company performs ongoing credit evaluations as to the financial condition of its customers and creditors with respect to trade accounts.

Marketing and Advertising Expenses

The Company’s marketing and advertising expenses are primarily internet marketing expenses, commercial sponsorships and advertising time slots. Marketing expenses are recognized as incurred based on the terms of the individual agreements, which are generally, but not limited to: a commission for traffic driven to its websites that generate a sale, programmatic targeting advertisements, national television and radio advertisements, or payments to social media influencers. The Company may also enter into marketing service agreements with third party production and content providers where the Company prepays for certain services or deliverables and recognizes the expense when the service is completed. Marketing and advertising expenses totaled $11,322 and $7,609 for the three months ended March 31, 2025 and 2024, respectively.

Fair Value Measurements

The Company’s financial instruments consist primarily of accounts receivable, accounts payable and long-term debt. The carrying amounts of accounts receivable and accounts payable are representative of their respective fair values due to the short-term maturity of these instruments. The fair value of variable rate long-term debt is based upon the current market rates for debt with similar credit risk and maturity, which approximated its carrying value, as interest is based upon the Secured Overnight Financing Rate (“SOFR”), or the PNC Base Rate (see further explanation of the Base Rate in Note 8, *Long-Term Debt*), plus an applicable floating margin. In measuring fair value, the Company reflects the impact of credit risk on liabilities, as well as any collateral. The Company also considers the credit standing of counterparties in measuring the fair value of assets.

The Company uses any of three valuation techniques to measure fair value: the market approach, the income approach, and the cost approach in determining the appropriate valuation technique based on the nature of the asset or liability being measured and the reliability of the inputs used in arriving at fair value.

The Company follows the provisions of ASU No. 2022-03-*Fair Value Measurements* ("Topic 820") for non-financial assets and liabilities measured on a non-recurring basis.

The inputs used in applying valuation techniques include assumptions that market participants would use in pricing the asset or liability (i.e., assumptions about risk). Inputs may be observable or unobservable. The Company uses observable inputs in the Company's valuation techniques and classifies those inputs in accordance with the fair value hierarchy established by applicable accounting guidance, which prioritizes those inputs. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels are defined as follows:

Level 1 — inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 — inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. As of March 31, 2025, the Company had no Level 3 financial assets or liabilities.

Comprehensive Income (Loss)

The Company has no components of comprehensive income and comprehensive income (loss) is equivalent to net income (loss) in each of the periods presented. As such, no statement of comprehensive income (loss) is presented.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740)*Improvements to Income Tax Disclosures*, which "enhances the transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information". The FASB determined that these amendments should be effective for public business entities for annual periods beginning after December 15, 2024 (early adoption is permitted). The Company has adopted ASU 2023-09, effective January 1, 2025.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40), *Disaggregation of Income Statement Expenses*, "to improve the disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions." The FASB determined this guidance is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027 (early adoption is permitted). The Company is currently evaluating the impact of this amendment on its consolidated financial statements and accompanying disclosures.

3. Inventories, Net

Inventories consist of the following (*dollars in thousands*):

	March 31, 2025 (unaudited)	December 31, 2024 (audited)
Coffee and Energy:		
Unroasted	$ 5,268	$ 3,180
Finished Goods	15,400	16,502
Ready-to-Drink (raw materials)	8,725	10,206
Ready-to-Drink (finished goods)	17,219	9,545
Apparel and other merchandise	3,886	3,214
Total inventories, net	$ 50,498	$ 42,647

4. Property, Plant and Equipment, Net

Property, plant and equipment, net consists of the following (*dollars in thousands*):

	March 31, 2025 (unaudited)	December 31, 2024 (audited)
Building and leasehold improvements	$ 27,476	$ 27,429
Machinery and equipment	20,041	19,946
Computer equipment and software	19,024	17,814
Furniture and fixtures	2,949	2,949
Land	1,547	1,547
Vehicles	762	762
Construction in progress	9,544	10,925
Property, plant, and equipment, gross	81,343	81,372
Less: accumulated depreciation and amortization	(24,698)	(22,168)
Total property, plant and equipment, net	$ 56,645	$ 59,204

The total depreciation expense for internal use software was $1,334 and $989 for the three months ended March 31, 2025 and 2024, respectively.

All long-lived assets are located in the United States.

5. Other Assets

As of March 31, 2025 and December 31, 2024, we reported $49,630 and $50,546 of other assets on the consolidated balance sheets, respectively, related to prepaid advertising credits received in exchange for finished goods inventory. We measured the non-cash consideration of the prepaid advertising credits based on the standalone selling price of the finished goods inventory at the time of transfer to the counterparty. Based upon the period over which we expect to use these advertising credits, we concluded that $5,040 were current as of both March 31, 2025 and December 31, 2024, and have been recorded as "Prepaid expenses and other current assets" on the consolidated balance sheets, and $44,590 and $45,506 were non-current and have been recorded as "Non-current prepaid marketing expenses" on the consolidated balance sheets as of March 31, 2025 and December 31, 2024, respectively.

Prepaid advertising credits are recorded upon revenue recognition, coinciding with the transfer of the finished goods inventory. We did not recognize revenue related to shipments of inventory in exchange for prepaid advertising credits in the first quarter of 2025. We recognized $8,487 of revenue for the three months ended March 31, 2024, on the consolidated statements of operations related to shipments of inventory in exchange for prepaid advertising. We utilized $916 and $1,532 of prepaid advertising credits for the three months ended March 31, 2025 and 2024, respectively.

6. Accrued Liabilities

Accrued liabilities consist of the following (*dollars in thousands*):

	March 31, 2025 (unaudited)	December 31, 2024 (audited)
Accrued compensation and benefits	$ 6,503	$ 5,873
Accrued marketing	3,794	4,180
Accrued professional fees	3,194	3,014
Accrued inventory purchases	2,861	2,175
Deferred purchase incentive	2,264	2,264
Accrued sales and other taxes	1,148	1,164
Accrued freight	909	478
Credit card liabilities	505	780
Accrued interest	390	61
Other accrued expenses	9,093	7,911
Total accrued liabilities	$ 30,661	$ 27,900

7. Deferred Revenue and Gift Card Liability

The following table provides information about deferred revenue, gift cards, and the Loyalty Program, including significant changes in deferred revenue balances for the below designated periods (*dollars in thousands, unaudited*):

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Balance at beginning of period	$ 3,918	$ 11,030
Sales of gift cards	325	1,729
Redemption of gift cards	(395)	(1,793)
Increase from deferral of revenue	1,760	2,295
Decrease from revenue recognition	(1,784)	(2,832)
Loyalty Program points earned	317	721
Loyalty Program points redeemed/expired	(327)	(3,588)
Balance at end of period	$ 3,814	$ 7,562

8. Long-Term Debt

The Company's credit facilities and related balances were as follows (*dollars in thousands*):

	March 31, 2025 (unaudited)	December 31, 2024 (audited)
Term Loan Facility	$ 39,750	$ 40,000
ABL Facility	33,078	28,853
Notes payable	1,047	1,446
Total principal	73,875	70,299
Less debt issuance costs and original issue discount ("OID")	(5,106)	(5,225)
Long-term debt, net	$ 68,769	$ 65,074
Current maturities:		
Current maturities of long-term debt	$ 2,297	$ 2,047
Long-term debt:		
Non-current principal	$ 71,578	$ 68,252
Less non-current portion of debt issuance costs and OID	(5,106)	(5,225)
Long-term debt, net	$ 66,472	$ 63,027

Future contractual maturities of credit facilities (not including debt issuance costs) as of March 31, 2025 are as follows (*dollars in thousands, unaudited*):

Remainder of 2025	$ 1,397
2026	2,400
2027	2,000
2028	2,000
2029	66,078
Total	$ 73,875

ABL Facility and Term Loan Facility

On August 10, 2023, Authentic Brands and certain of its subsidiaries (collectively, the "ABL Borrowers") entered into a Credit Agreement (the "ABL Credit Agreement") with PNC Bank, National Association, as administrative agent and collateral agent ("PNC"), and the lenders from time to time party thereto, pursuant to which the lenders thereunder agreed to provide the ABL Borrowers with a senior secured asset-based revolving credit facility in an aggregate principal amount of up to $75,000 (including a sub-facility for letters of credit in an amount up to $7,500 all of which is available at March 31, 2025) (the "ABL Facility").

On December 27, 2024 (the "Closing Date"), Authentic Brands and certain of its subsidiaries entered into a third amendment to the ABL Credit Agreement, and a Financing Agreement (the "Term Loan Financing Agreement" and together with the ABL Credit Agreement, the "Credit Agreements"), by and among Authentic Brands, certain subsidiaries of Authentic Brands party thereto as "Borrowers" (the "Term Loan Borrowers"), and certain subsidiaries of Authentic Brands from time to time party thereto as "Guarantors" (collectively with Authentic Brands, the "Term Loan Guarantors"), Blue Torch Finance LLC, as administrative agent and collateral agent, pursuant to which the lenders thereunder provided the Term Loan Borrowers with senior secured term loans on the Closing Date in an aggregate principal amount of $40,000 (the "Term Loan Facility"). The Term Loan Facility also includes an uncommitted accordion feature pursuant to which, under certain circumstances, including a maximum pro forma total net leverage ratio, the Term Loan Borrowers may, with the agreement of the lenders providing any such incremental loans, add one or more tranches of additional term loans in an aggregate principal amount not to exceed $20,000. The proceeds of the Term Loan Facility were issued net of a $1,000 discount which was recorded against the outstanding amount of debt on our consolidated balance sheet and will be amortized over the life of the Term Loan Financing Agreement. Debt issuance costs of $920 were incurred in connection with the origination of the Credit Agreements and these costs will be reported as a reduction to the outstanding balance of long-term debt on our consolidated balance sheet and amortized over the life of the Credit Agreements.

The obligations under the ABL Credit Agreement are guaranteed by each ABL Borrower and each Guarantor (as defined therein). The obligations under the ABL Credit Agreement are secured by a first priority lien on certain deposit accounts, cash and cash equivalents, credit card payments, accounts receivable, inventory and other related assets of the Guarantors (the "ABL Priority Collateral") and a second priority lien on substantially all of the other assets of the Guarantors. The obligations under the Term Loan Financing Agreement are secured by a second priority lien on the ABL Priority Collateral and a first priority lien on substantially all of the other assets of the Guarantors.

Each Credit Agreement includes certain conditions to borrowings, representations and warranties, affirmative and negative covenants, and events of default customary for financings of their type and size. Each Credit Agreement requires the Term Loan Borrowers and ABL Borrowers to maintain (i) a maximum total net leverage ratio (4.00 to 1.00 for fiscal quarter ended March 31, 2025 and the end of each fiscal quarter through fiscal quarter ended September 30, 2025; 3.50 to 1.00 for fiscal quarter ended December 31, 2025 and the end of each fiscal quarter through fiscal quarter ended September 30, 2026; and 3.00 to 1.00 for fiscal quarter ended December 31, 2026 and the end of each fiscal quarter thereafter); (ii) a fixed charge coverage ratio greater than or equal to 1.10 to 1.00; and (iii) minimum liquidity of $7,500. The Credit Agreements also limit the ABL Borrowers and the Term Loan Borrowers ability to, among other things, incur additional indebtedness, create liens on any assets, pay dividends or make certain restricted payments, make certain investments, consummate certain asset sales, make certain payments on indebtedness, and merge, consolidate or engage in other fundamental changes.

On the Closing Date, the Company used the proceeds from the Term Loan Facility and approximately $12,813 of borrowings under the ABL Facility (i) to retire the Company's term loan credit facility with Whitehawk Capital Partners LP, (ii) to pay transaction fees, costs and expenses related to the Credit Agreements, and (iii) for other general corporate and working capital purposes.

Under the terms of the ABL Credit Agreement, the amount available for advances is subject to a borrowing base, which is calculated by reference to the value of certain eligible deposit accounts, cash and cash equivalents, credit card payments, accounts receivable and inventory, offset by certain reserves. Our available borrowings under the ABL Credit Facility at March 31, 2025 was approximately $18,187.

Borrowings under the ABL Facility bear interest at a rate per annum of either (i) the Base Rate (as defined below) plus a margin ranging from 0.50% to 1.50% or (ii) term SOFR plus a margin ranging from 1.50% to 2.50%. "Base Rate" means, for any day, the base commercial lending rate of PNC as publicly announced to be in effect from time to time. The ABL Borrowers are also required to pay certain fees in connection with the ABL Credit Agreement, including an unused commitment fee based on the average daily unused portion of the ABL Facility, equal to 0.375% on an annual basis. The ABL Credit Facility is scheduled to mature on December 27, 2029.

Borrowings under the Term Loan Facility bear interest at a rate per annum equal to either (i) a reference rate plus a margin ranging from 5.00% to 5.50% based on a total net leverage ratio threshold or (ii) term SOFR plus a margin ranging from 6.00% to 6.50% based on a total net leverage ratio threshold. The reference rate and term SOFR rate are subject to floors of 3.50% and 2.50%, respectively. The Term Loan Facility requires the Term Loan Borrowers to make quarterly principal repayments in an aggregate principal amount equal to (i) 0.625% of the original aggregate principal amount of the Term Loan commencing with the fiscal quarter ending March 31, 2025 through the first anniversary of the Closing Date, (ii) 1.25% of the original aggregate principal amount of the term loans extended thereunder commencing with the fiscal quarter ending after the first anniversary of the Closing Date through the maturity date of the Term Loan Facility. The Term Loan Facility is also subject to customary mandatory prepayment provisions, including payments of proceeds from asset dispositions, casualty events, extraordinary receipts and a percentage of excess cash flow. The Term Loan Borrowers may voluntarily prepay amounts outstanding under the Term Loan Facility at any time, subject in certain cases to a prepayment premium. The Term Loan Facility is scheduled to mature on December 27, 2029.

Notes Payable

In July and September 2021, the Company entered into note payable agreements for $2,588 at an interest rate of approximately 1.00% per annum to repurchase Incentive Units (as defined below) from former employees. The notes are payable in four annual installment payments. As of March 31, 2025, the total outstanding balance on these notes payable is $647.

In January 2022, the Company entered into a note payable agreement for $1,599 at an interest rate of 1.30% per annum to repurchase Incentive Units from a former employee. As of March 31, 2025, the outstanding balance on the notes payable is $400.

9. Stockholders' Equity

In conjunction with the Business Combination on February 9, 2022,18,769 class A common units and73,890 class B common units of Authentic Brands (the holders thereof, the "Existing Members") were converted into an aggregate of 139,106,323 common units in Authentic Brands (the "Common Units") and19,853,125 restricted common units in Authentic Brands (the "Restricted Common Units"). The Existing Members also received 139,106,323 shares of Class B Common Stock of the Company.

Subsequent to the Business Combination, the Company's authorized capital stock consists of2,802,500,000 shares including (i)2,500,000,000 shares of Class A Common Stock, (ii) 300,000,000 shares of Class B Common Stock, (iii)1,500,000 shares of Class C Common Stock, par value $0.0001 per share (the "Class C Common Stock"), and (iv) 1,000,000 shares of preferred stock, par value $0.0001 per share (the "Preferred Stock"). The Class C Common Stock is divided into two series as follows: (a)750,000 shares of Series C-1 Common Stock, par value $0.0001 per share; and (b) 750,000 shares of Series C-2 Common Stock, par value $0.0001 per share.

Holders of the Class A Common Stock and the Class B Common Stock are each entitled toone vote per share, and holders of the Class C Common Stock do not have any voting rights. Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our Class A Common Stock are entitled to receive dividends and other distributions as may from time to time be declared by the Board of Directors at its discretion out of legally available Company assets, ratably in proportion to the number of shares held by each such holder, and at such times and in such amounts as the Board of Directors in its discretion may determine. No dividends or other distributions will be declared or paid on the Class B Common Stock or the Class C Common Stock.

A holder of Class B Common Stock may transfer or assign shares of Class B Common Stock only if such holder also simultaneously transfers an equal number of such holder's Common Units in compliance with and as permitted by the LLC Agreement.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, after payment of debts and other liabilities and after the rights of holders of preferred stock, if any, have been satisfied, the holders of all outstanding shares of Class A Common Stock will be entitled to receive the remaining assets of the Company available for distribution ratably in proportion to the number of shares held by each such stockholder.

The Board of Directors may establish one or more classes or series of preferred stock. The Board of Directors may determine, with respect to any class or series of preferred stock, the terms and rights of such class or series. The Company currently does not have any preferred stock issued and outstanding.

Common Units are entitled to share in the profits and losses of Authentic Brands and to receive distributions declared and have no voting rights. Holders of Common Units receive one share of Class B Common Stock, which are voting, non-economic shares in the Company, for each Common Unit they own. Subject to the terms of the LLC Agreement, the Common Unit holders have the option to redeem all or any portion of their Common Units. However, upon redemption, the Board of Directors determines whether the Common Units are redeemed in cash or Class A Common Stock.

Common Units that are redeemed for shares are exchanged for a number of Class A Common Stock equal to the number of exchanged Common Units. Simultaneously, a number of Class B Common Stock held by the unitholder is surrendered equal to the number of Common Units being redeemed. For Common Units redeemed for cash, cash redemption may only be effected if a concurrent fundraising activity takes place by the Company.

Non-Controlling Interests

Non-controlling interests represents the ownership interests in Authentic Brands held by holders other than the Company. As of March 31, 2025, BRC Inc.'s ownership percentage in Authentic Brands controlling and non-controlling interests was 36.4% and 63.6%, respectively.

10. Equity-Based Compensation

Incentive Units

Authentic Brands' maintains an equity incentive plan (the “2018 Equity Incentive Plan”) under which it granted Incentive Units (as defined in the 2018 Equity Incentive Plan) to employees or non-employee directors prior to the Business Combination. As of March 31, 2025, 8,472 Incentive Units remain outstanding under the 2018 Equity Incentive Plan, and no new Incentive Units have been granted under the 2018 Equity Incentive Plan since the completion of the Business Combination. The Board of Directors has the authority to determine the terms and conditions of each grant under the 2018 Equity Incentive Plan, and 200,000 non-voting units have been authorized thereunder. These units may contain certain service and performance related vesting provisions. The Incentive Units were awarded to eligible employees and non-employee directors and entitle each grantee to receive non-voting member units upon vesting, subject solely to the employee’s continuing employment or the non-employee director’s continuing service on the Board of Directors.

The grant date estimated fair value of the Incentive Units was based upon an option pricing model valuation of the awards at the grant date. The Company utilized the probability-weighted expected return method. The Incentive Units have no strike price; however, participation thresholds, as defined in the Plan, were established at the grant date and must be exceeded for the holder of the unit to participate in any distributions of the Company. The following assumptions were utilized in determining the fair value of the units at the grant date for the three months ended March 31, 2025 and 2024:

Expected dividend	—
Expected volatility	60% to 85%
Risk-free interest rate	0.13% to 2.53%
Expected life of incentive awards (in years)	1 to 5 years
Grant date performance and market threshold	$35,000 to $1,250,000

The computation of expected volatility is based on a weighted average of comparable public companies within the Company’s industry. Expected life is based on the estimated liquidity event timing. The risk-free interest rate is based on the yield of zero-coupon U.S. Treasury securities of comparable terms. The Company does not anticipate paying dividends in the foreseeable future. The Company recognizes pre-vesting forfeitures as they occur rather than estimate the forfeiture rate at the grant date.

The following table summarizes the changes in the number of Incentive Units for the three months ended March 31, 2025 and 2024:

	Incentive Units	Weighted Average Grant Date Fair Value
Granted and outstanding at January 1, 2025	8,472	$ 213.79
Granted	—	—
Forfeited	—	—
Granted and outstanding at March 31, 2025	8,472	$ 213.79
Vested at March 31, 2025	7,745	$ 213.64
Granted and outstanding at January 1, 2024	8,585	$ 213.81
Granted	—	—
Forfeited	—	—
Granted and outstanding at March 31, 2024	8,585	$ 213.81
Vested at March 31, 2024	6,507	$ 213.33

The total unrecognized equity compensation expense related to nonvested Incentive Units to be recognized was $83 and $351, respectively, over a weighted average period of approximately one year and two years, respectively, for the three months ended March 31, 2025 and 2024.

In connection with the Business Combination, the Company adopted the 2022 Omnibus Incentive Plan (the "Omnibus Plan"), which replaced the 2018 Equity Incentive Plan, and the 2022 Employee Stock Purchase Plan (the "ESPP") (see disclosed below).

Stock Options

The Company grants stock options to employees under the Omnibus Plan that vest ratably overthree years and expire after seven years. The grant date estimated fair value of the stock options is based upon a Black Scholes model valuation of the options at the grant date. The following weighted average assumptions were utilized in determining the fair value of options granted:

	Three Months Ended March 31,	
	2025	2024
Weighted average grant date fair value	$1.27	$2.18
Expected dividend	—	—
Expected volatility	71%	65%
Risk-free interest rate	4.05%	4.37%
Options term (in years)	4.5	4.5

The Company computes expected volatility based on the annualized historical daily volatility of our stock as a publicly traded company. Prior to 2024, the date at which we had sufficient history as a public company to estimate our volatility, the computation of expected volatility was based on a weighted average of comparable public companies within the Company's industry. The Company uses the "simplified method" prescribed by the Securities and Exchange Commission Staff Accounting Bulletin No. 107, *Share-Based Payment,* to calculate the expected term of options granted. The risk-free interest rate is based on the yield of zero-coupon U.S. Treasury securities of comparable terms. The Company does not anticipate paying dividends in the foreseeable future. The Company recognizes pre-vesting forfeitures as they occur rather than estimate the forfeiture rate at the grant date.

The following table summarizes information about stock options activities for the three months ended March 31, 2025 and 2024:

	Stock Options	Weighted Average Exercise Price
Outstanding at January 1, 2025	5,424,411	$ 4.41
Granted	3,752,998	2.16
Forfeited	(311,245)	3.87
Outstanding at March 31, 2025	8,866,164	$ 3.47
Vested and exercisable at March 31, 2025	752,646	$ 4.15
Outstanding at January 1, 2024	3,413,340	$ 5.19
Granted	2,371,128	3.91
Forfeited	(226,832)	6.18
Outstanding at March 31, 2024	5,557,636	$ 4.60
Vested and exercisable at March 31, 2024	100,468	$ 9.51

The total unrecognized equity compensation expense related to stock options to be recognized was $10,667 and $10,901, respectively, over a weighted average period of approximately two years for both the three months ended March 31, 2025 and 2024.

Restricted Stock Units

The Company grants restricted stock unit ("RSU") awards to employees and non-employee directors under the Omnibus Plan that vest annually over approximatelythree years. The grant date fair values are based on the closing price of the Class A Common Stock of the Company on the date of grant.

The following table summarizes information about the RSUs under the Omnibus Plan for the three months ended March 31, 2025 and 2024:

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2025	2,232,952	$ 4.51
Granted	1,918,394	2.15
Forfeited	(131,652)	4.01
Vested	(319,081)	4.05
Nonvested at March 31, 2025	3,700,613	$ 3.35
Nonvested at January 1, 2024	1,684,955	$ 5.77
Granted	1,079,772	3.91
Forfeited	(150,329)	5.63
Vested	(35,349)	6.59
Nonvested at March 31, 2024	2,579,049	$ 4.99

The total unrecognized equity compensation expense related to RSUs to be recognized was $9,372 and $9,751, respectively, over a weighted average period of approximately two years for both the three months ended March 31, 2025 and 2024.

Performance-Based Restricted Stock Units

On December 29, 2022, the Company granted 8,462,412 performance-based restricted stock units ("PSUs") to a key employee which vest if certain market capital growth rates are achieved each year through April 2027. Vested PSUs are settled in shares of the Company Class A Common Stock equal to the number of PSUs granted. The PSUs are forfeited upon termination of employment before the performance period ends. PSUs granted during the year ended December 31, 2022 have a weighted-average grant date fair value of $0.46 per share. All PSUs were unvested as of March 31, 2025. The Company used the Monte Carlo pricing model to estimate the fair value of PSUs utilizing the following assumptions at the grant date for the three months ended March 31, 2025 and 2024:

Expected dividend	—
Expected volatility	65%
Risk-free interest rate	3.97%
Award term years	4.3
Valuation date share price	$6.21

The total unrecognized equity-based compensation expense related to PSUs to be recognized was $777 and $1,614, respectively, over a weighted average period of approximately two years and three years, respectively, for the three months ended March 31, 2025 and 2024.

Employee Stock Purchase Plan

In September 2022, the Company began offering shares of its Class A Common Stock under its ESPP adopted in connection with the Business Combination, whereby eligible employees may acquire an equity interest in the Company through payroll contributions. At the end of a six-month offering period, shares are purchased at 85% of the stock price at enrollment date or purchase date, whichever is lower.

On March 8, 2025, the Company issued 100,626 shares for a total of $183 during the six-month offering period from September 9, 2024 through March 8, 2025.

11. Defined Contribution Plan

The Company maintains a voluntary qualified defined contribution plan covering eligible employees as defined by the plan documents. Participating employees may elect to defer and contribute a portion of their eligible compensation to the plan up to limits stated in the plan documents, not to exceed the dollar amounts set by applicable laws. The Company's matching contributions to the plan were $211 and $204 for the three months ended March 31, 2025 and 2024, respectively.

12. Income Taxes

BRC Inc. is the managing member of Authentic Brands and, as a result, consolidates the financial results of Authentic Brands. Authentic Brands and its subsidiaries are limited liability companies and have elected to be taxed as partnerships for income tax purposes except for a subsidiary, Free Range American Media Company, which is taxed as a corporation. The Company files income tax returns in the U.S. federal and various state jurisdictions. Any taxable income or loss generated by Authentic Brands is passed through to and included in the taxable income or loss of its members, including BRC Inc., generally on a pro rata basis or otherwise under the terms of the Authentic Brands LLC Agreement. The Company 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 or loss of Authentic Brands, as well as any stand-alone income or loss generated by BRC Inc.

The Company's U.S. federal and state income tax returns for the tax years 2020 and beyond remain subject to examination by the Internal Revenue Service. With respect to state and local jurisdictions, the Company and its subsidiaries are typically subject to examination for several years after the income tax returns have been filed. The Internal Revenue Service has commenced an examination of the Authentic Brands' U.S. income tax return for 2021. We anticipate this audit will conclude within the next twelve months. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, interest and penalties have been provided for in the accompanying consolidated financial statements for any adjustments that may be incurred due to state or local audits and uncertain tax positions. The Company's income tax expense may vary from the expense that would be expected based on statutory rates due principally to its organizational structure and recognition of valuation allowances against deferred tax assets.

Our effective tax rate for the period ended March 31, 2025 differs from the U.S. federal statutory rate primarily due to changes in the valuation allowance and non-controlling interest.

Based primarily on our limited operating history and Authentic Brands' historical losses, the Company believes there is a significant uncertainty as to when the Company will be able to use our DTAs. Therefore, the Company has recorded a valuation allowance against the DTAs for which the Company has concluded it is more likely than not that they will not be realized.

13. Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) attributable to Class A Common Stock by the weighted-average shares of Class A Common Stock outstanding without consideration for potential dilutive securities. Diluted net income (loss) per share represents basic net income (loss) per share adjusted to include the potentially dilutive effect of outstanding unvested share awards, warrants, Common Units and Restricted Common Units that are exchangeable into shares of Class A Common Stock. Diluted net income (loss) per share is computed by dividing the net income (loss) attributable to Class A Common Stock by the weighted-average number of shares of Class A Common Stock outstanding for the period determined using the treasury stock method and if-converted method, as applicable. Shares of Class B Common Stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted loss per share of Class B Common Stock under the two-class method has not been presented.

The following table sets forth the computation of basic and diluted net income (loss) per share *(in thousands, except unit/share and per unit/share amounts, unaudited)*:

	Three Months Ended March 31,	
	2025	2024
Numerator:		
Net income (loss)	$ (7,846)	$ 1,855
Less: Net income (loss) attributable to non-controlling interests	(4,958)	1,307
Net income (loss) attributable to Class A Common Stock - basic and diluted	$ (2,888)	$ 548
Denominator:		
Weighted-average shares of Class A Common Stock outstanding - Basic	78,411,354	66,312,366
Weighted-average effect of dilutive securities:		
RSUs	—	283,453
ESPP	—	1,807
Weighted-average shares of Class A Common Stock outstanding - Diluted	78,411,354	66,597,626
Net income (loss) per share attributable to Class A common stockholders, basic and diluted	$ (0.04)	$ 0.01

The Company excluded the following potentially dilutive securities, presented based on amounts outstanding at each period end, from the computation of diluted net income (loss) per share attributable to Class A common stockholders because including them would have had an antidilutive effect:

	Three Months Ended March 31,	
	2025	2024
Stock options	8,866,164	5,557,636
Common Units	134,536,464	145,079,865
RSUs	3,700,613	287,420
PSUs	8,462,412	8,462,412
Incentive Units (Share Equivalents)	1,221,857	1,237,892
ESPP	114,868	76,476
Total units excluded from computation of diluted net income (loss) per share	156,902,378	160,701,701

14. Commitments and Contingencies

Purchase Agreements

The Company has entered into manufacturing and purchase agreements to purchase and produce coffee product from third-party suppliers. These purchase agreements are typically obligations to purchase minimum volumes with fixed pricing if the volume terms are not fulfilled, in the form of a take-or-pay provision. The aggregate value of purchases from these third-party suppliers totaled $15,164 and $11,744 for the three months ended March 31, 2025 and 2024, respectively.

The amounts in the table below represents the Company's future minimum purchase commitments as of March 31, 2025 (*dollars in thousands, unaudited*):

Remainder of 2025	$	20,043
2026		30,018
2027		32,427
2028		15,141
2029		14,934
Total	$	112,563

Contingencies

The Company is the subject of various legal actions in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to such lawsuits, the Company accrues reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. Although the outcomes of these proceedings cannot be predicted with certainty, the Company does not believe any of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on results of operations, cash flows or financial condition.

The Company could be subject to additional sales tax or other tax liabilities. The Company follows the guidelines of ASC 450, *Accounting for Contingencies*, and the consolidated financial statements reflect the current impact of such legislation through the Company's best estimates. However, any of these events could have a material effect on the Company's business and operating results depending on the previous periods of applied enforcement by certain jurisdictions.

The Company is also subject to U.S. (federal and state) laws, regulations, and administrative practices that require us to collect information from its customers, vendors, merchants, and other third parties for tax reporting purposes and report such information to various government agencies. The scope of such requirements continues to expand, requiring us to develop and implement new compliance systems. Failure to comply with such laws and regulations could result in significant penalties and interest which might have an adverse effect on the Company's business and operating results. The Company has accrued $320 related to potential sales and other tax exposure as of both March 31, 2025 and December 31, 2024, which is included in "Accrued liabilities" on the consolidated balance sheets.

Legal Disputes

On April 28, 2022, Tang Capital Partners, LP ("Tang Capital") filed a lawsuit in federal district court in the Southern District of New York against the Company, Tang Capital Partners, LP v. BRC Inc., Case 22-CV-3476 (RWL) (Southern District of New York). The complaint alleges that Tang Capital suffered damages arising from the Company's refusal on two alleged occasions to permit Tang Capital to exercise warrants. On March 8, 2023, the court granted the Company's motion to dismiss a claim for declaratory judgment but denied the Company's motion to dismiss Tang Capital's breach of contract claim. Each party filed respective motions for summary judgment and completed the briefing of these motions on May 31, 2024. Tang Capital's motion for summary judgment sought $10,535 in compensatory damages, plus prejudgment interest. On November 8, 2024, the court granted in part, and denied in part, the respective motions for summary judgment, holding that the Company breached the warrant agreement by not allowing Tang Capital to exercise warrants, but determining that there were fact issues that need to be resolved at trial on the issue of Tang Capital's alleged damages, including whether Tang could have mitigated its alleged damages. The case is currently set for trial in July 2025. The Company believes that it has meritorious defenses to the damage claims asserted against it and will defend itself vigorously in these proceedings and potentially on appeal; however, there can be no assurances that it will be successful in its efforts. The Company is not able at this time to determine or predict the ultimate outcome of this lawsuit or provide a reasonable estimate or range of estimates of the possible outcome or loss, if any, in this matter.

On February 3, 2023, Strategy and Execution, Inc. ("SEI") filed a lawsuit in federal district court in Texas againstone of the Company's wholly-owned subsidiaries, Strategy and Execution, Inc., v. Black Rifle Coffee Company LLC, Case 23-CV-00135 (FB) (Western District of Texas). The complaint alleges that SEI, a former consultant to the Company, is owed certain disputed royalties and expense reimbursements from the Company. On April 4, 2023, the Company filed a partial motion to dismiss several of the claims which was granted with prejudice with respect to the Company's position that all royalties expired upon expiration of the parties' contract on December 31, 2023. On May 8, 2024, SEI filed a motion for reconsideration of the order granting the partial motion to dismiss, and on May 14, 2024, SEI filed a motion for leave to amend its complaint. On January 28, 2025, the parties settled all remaining claims not subject of the pending motions. In connection with this settlement, the Company paid SEI $418. On March 30, 2025, both SEI motions for reconsideration of the order granting the partial motion to dismiss and for leave to amend its complaint were denied by the court. SEI filed a notice to appeal the denial of reconsideration on April 9, 2025. On April 14, 2025, the Company filed a motion for attorneys fees, which currently remains pending. The Company believes that it has meritorious defenses to the claims asserted against it in the pending motions and will continue to defend itself vigorously in these proceedings; however, there can be no assurances that it will be successful in its efforts.

On June 22, 2023, John Brian Clark, JBC Structured Products LLC, and Marathon Capital LLC (collectively, "Clark") filed a complaint against BRC Inc. and Black Rifle Coffee Company LLC: John Brian Clark, et al. v. BRC Inc., et al., Case 1:23-CV-5340 (RWL) (Southern District of New York). Clark alleges breach of contract and is seeking a declaratory judgment. The complaint alleges that Clark suffered damages arising from the Company's refusal to allow Clark to exercise warrants. The lawsuit seeks unspecified general and compensatory damages, attorneys' fees, and other reasonable costs and disbursements. The Company believes that it has meritorious defenses to the claims asserted against it and will defend itself vigorously in these proceedings; however, there can be no assurances that it will be successful in its efforts. Currently the case is stayed through the resolution of the Tang Capital matter, but Clark has the option to end the stay at any time after the end of June 2024 or a summary judgment decision in Tang Capital, whichever comes first. The Company is not able at this time to determine or predict the ultimate outcome of this lawsuit or provide a reasonable estimate or range of estimates of the possible outcome or loss, if any, in this matter.

On May 15, 2024, Alta Partners, LLC ("Alta") filed a lawsuit in the federal district court in the Southern District of New York against the Company: Alta Partners, LLC v. BRC Inc., Case 24-CV-03741 (AT) (RWL) (Southern District of New York). The complaint alleges breach of contract and that Alta suffered damages arising from the Company's refusal to permit Alta to exercise warrants between March 11 and May 4, 2022. The lawsuit seeks unspecified general and compensatory damages, attorneys' fees, and other costs and disbursements. The Company moved to dismiss the Complaint, but on February 18, 2025, the Magistrate Judge issued a report recommending denial of the motion. The District Judge adopted the report on March 6, 2025, and the parties are currently engaged in discovery. The Company believes that it has meritorious defenses to the claims asserted against it and will defend itself in these proceedings; however, the Company is not able at this time to determine or predict the ultimate outcome of this lawsuit or provide a reasonable estimate or range of estimates of the possible outcome or loss, if any, in this matter.

On May 20, 2024, one of our co-manufacturers filed a complaint in the district court of Riley County, Kansas against one of the Company's wholly-owned subsidiaries, Black Rifle Coffee Company LLC, Case RL-2024-CV-000119. The complaint alleges breach of contract and anticipatory breach of contract with respect to certain fees and order volume pursuant to the parties' drink manufacturing agreement, amongst other allegations. On July 18, 2024, the Company filed a partial motion to dismiss relating to certain of these allegations. On November 13, 2024, the court denied the Company's motion to dismiss other than for the co-manufacturer's claim of fraudulent inducement, for which the court has granted leave to amend. The parties are currently engaged in discovery. The Company believes that it has meritorious defenses to the claims asserted against it and will defend itself in these proceedings. $2,700 has been included in accrued liabilities related to this matter.

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

The following discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and the annual audited consolidated financial statements, notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), contained in our Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Form 10-K"). In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties, and assumptions that could cause the Company's actual results to differ materially from management's expectations. When used in this report, the terms "we," "us," "our," "BRCC," "Black Rifle Coffee," "Black Rifle Coffee Company," and the "Company" mean BRC Inc. and its consolidated subsidiaries, collectively, unless the context requires otherwise.

Overview

Black Rifle Coffee Company is a Veteran-founded and led premium coffee, energy drink, and media company operating through one reportable segment that comprises three primary channels: Wholesale, DTC, and Outposts. Founded in 2014 by U.S. Army Veteran Evan Hafer, Black Rifle Coffee began with a one-pound coffee roaster in a garage, where Hafer personally roasted, packaged, and shipped coffee directly to consumers. Today, the company has grown into a widely recognized and nationally distributed brand steadfast in its commitment to supporting active-duty military, Veterans, first responders, and all who love America.

In February 2022, we completed the Business Combination and as a result of the consummation of a series of mergers in connection therewith, Authentic Brands became a subsidiary of BRC Inc., with BRC Inc. acting as the sole managing member thereof as a public benefit corporation. The Business Combination was accounted for as a reverse acquisition and a recapitalization of Authentic Brands. Accordingly, the Business Combination was reflected as the equivalent of Authentic Brands issuing stock for the net assets of SilverBox, accompanied by a recapitalization. Under this method of accounting, SilverBox is treated as the "acquired" company for financial reporting purposes. The net assets of SilverBox are stated at historical cost, with no goodwill or other intangible assets recorded. This accounting treatment was determined by the individual controlling Authentic Brands prior to the Business Combination, who also controls the combined company post Business Combination.

Trends

Certain trends affecting our business within the respective sales channels are as follows:

- Wholesale channel revenue increased as we added new customers and continued to expand our presence in the Food, Drug, and Mass ("FDM") market. We expect further revenue growth in this channel as we invest in customer acquisition, new product launches, and distribution expansion in the FDM market.

- DTC channel revenue growth declined due to both a channel level decline in the DTC category and our strategic decision to redirect investments into higher-growth areas of the business amid elevated DTC customer acquisition costs. In addition, we have limited our promotional offerings to focus on profitability.

- Outpost channel revenue decreased due to lower transaction volumes at existing Outpost retail locations. In 2025, we anticipate limited growth in this channel as we reallocate investments to other channels while we work to improve profitability through operational and strategic changes, which may include closing underperforming Outposts. We expect accelerated growth in future years as we resume investment in this part of the business.

Key Factors Affecting Our Performance

Our Ability to Increase Brand Awareness

Maintaining and growing brand awareness and loyalty is critical to our success. We believe we have developed an efficient marketing strategy that enhances brand awareness and drives consumer engagement. Consumer appreciation of our brands is primarily reflected in the increase of our sales across our three channels over the last few years. We expect to continue to refine and develop our brand strategy utilizing reach-based formats such as national television, streaming advertising, and other select avenues. In addition, we will leverage our social media presence and employ targeted digital advertising to expand the reach of our brand.

Our Ability to Grow Our Customer Base in Our Wholesale Channel

We continue to expand our customer base through our Wholesale channel, with our products now available in a growing number of physical retail locations. Wholesale customers include large national retailers, regional retailers, distributors, and dealers, reflecting our increases in market presence and distribution reach.

Our Ability to Acquire and Retain Customers at a Reasonable Cost

We believe that consistently acquiring and retaining customers at a reasonable cost will be a key driver of our future performance. We continue to build brand awareness and reach new consumers by investing in existing and new channels and markets. Our expertise in digital creative and engagement provides a distinct advantage in attracting, converting, and retaining our consumers. We remain focused on measuring and optimizing marketing performance to ensure that our advertising spend is both effective and efficient, while managing customer acquisition costs and maximizing returns on marketing investments.

Our Ability to Drive Repeat Purchases of Our Products

We gain substantial economic value from repeat users of our products who consistently re-order our products. The pace of our growth rate will be affected by the repeat usage dynamics of existing and newly acquired customers.

Our Ability to Expand Our Product Line

Our goal is to continue to expand our product line over time to increase our growth opportunity and reduce product-specific risks through diversification into multiple products each designed around daily use. Our pace of growth will be partially affected by the cadence and magnitude of new product launches over time. Moving forward, we believe that it is important to our business that we continue innovating with new products and flavors.

Our Ability to Manage Our Supply Chain

Our ability to grow and meet future demand will be affected by our ability to properly plan for and source inventory from a variety of suppliers and co-manufacturers located inside and outside the United States. The majority of our green coffee beans come from Colombia, Brazil, and Nicaragua, and since 2020, we have also sourced green coffee beans from over ten countries in Latin America, Africa, and Asia to diversify our supply chain and offer our customers specialty and limited-time-only roasts. Quality control is also a critically important part of our manufacturing and supply chain operations. 100% of our coffee is roasted in the United States. Our licensed, Coffee Quality Institute-certified grader and former Green Beret, leads cupping, grading, scoring, and sourcing of our coffees. We also must effectively manage our co-manufacturers and suppliers.

Components of Our Results of Operations

Revenue, net

We sell our products both directly and indirectly to our customers through a broad set of physical and online platforms. Our revenue, net reflects the impact of product returns as well as discounts and fees for certain sales programs, trade spend, promotions, and loyalty rewards.

Cost of goods sold

Cost of goods sold primarily includes raw material costs, labor costs directly related to producing our products including wages and benefits, shipping costs, and other overhead costs related to certain aspects of production, warehousing, fulfillment, shipping, and credit card fees.

Operating expenses

Operating expenses consist of marketing and advertising expenses related to brand marketing campaigns through various online platforms, including email, digital, website, social media, search engine optimization, as well as performance marketing efforts including retargeting, paid search and product advertisements, as well as social media advertisements and sponsorships. Operating expenses also consist of salaries, wages, and benefits of payroll and payroll related expenses for labor not directly related to producing our products. Payroll expenses include both fixed and variable compensation. Variable compensation includes bonuses and equity-based compensation. General and administration costs include other professional fees and services, and general corporate infrastructure expenses, including utilities and depreciation and amortization.

Interest expense

Interest expense consists of interest on our borrowing arrangements, the amortization of debt discounts, and deferred financing costs.

Results of Operations

This discussion and analysis pertains to comparisons of material changes on the consolidated financial statements for three months ended March 31, 2025 and 2024. The following table represents the selected results of operations for BRC Inc. for the periods indicated (*dollars in thousands, unaudited*):

	Three Months Ended March 31,	
	2025	**2024**
Revenue, net	$ 89,974	$ 98,392
Cost of goods sold	57,502	56,207
Gross profit	32,472	42,185
Operating expenses		
Marketing and advertising	11,322	7,609
Salaries, wages and benefits	13,563	15,261
General and administrative	11,786	15,346
Other operating expense, net	1,233	14
Total operating expenses	37,904	38,230
Operating income (loss)	(5,432)	3,955
Non-operating expenses		
Interest expense, net	(2,370)	(2,051)
Total non-operating expenses	(2,370)	(2,051)
Income (loss) before income taxes	(7,802)	1,904
Income tax expense	44	49
Net income (loss)	$ (7,846)	$ 1,855

Components of Our Operating Income (Loss)

The following table summarizes our revenue, gross profit, gross margin, and total operating expenses (*dollars in thousands, unaudited*):

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	$ Change	% Change
Revenue, net	$ 89,974	$ 98,392	$ (8,418)	(9) %
Cost of goods sold	57,502	56,207	1,295	2 %
Gross profit	$ 32,472	$ 42,185	$ (9,713)	(23) %
Gross margin[1]	36 %	43 %		
Total operating expenses	$ 37,904	$ 38,230	$ (326)	(1) %

[1]*Gross margin is calculated as gross profit as percentage of revenue, net*

Revenue, net

Net revenue for the three months ended March 31, 2025 decreased $8.4 million, or 9%, to $90.0 million as compared to $98.4 million for the corresponding period in 2024.

The following table summarizes net sales by channel for the periods indicated (*dollars in thousands, unaudited*):

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	$ Change	% Change
Wholesale	$ 56,791	$ 60,428	$ (3,637)	(6) %
DTC	27,720	32,614	(4,894)	(15) %
Outpost	5,463	5,350	113	2 %
Total net sales	$ 89,974	$ 98,392	$ (8,418)	(9) %

Net revenue for our Wholesale channel for the three months ended March 31, 2025, decreased $3.6 million, or 6%, to $56.8 million as compared to $60.4 million for the corresponding period in 2024. The Wholesale channel decline was primarily driven by a $8.5 million decrease in revenue recognized related to a barter transaction in the first quarter of 2024, whereby we exchanged finished goods inventory for prepaid advertising credits. The decline was partially offset by growth in packaged coffee distribution at FDM retailers, expansion of ready-to-drink coffee distribution, and increased sales through online retailers.

Net revenue for our DTC channel for the three months ended March 31, 2025 decreased $4.9 million, or 15%, to $27.7 million as compared to $32.6 million for the corresponding period in 2024. The decline was primarily driven by the impact of a $3.4 million decrease in the accrual for loyalty rewards points in the first quarter of 2024 following a change in policy on expiration of points. In addition, our DTC channel experienced lower customer acquisition due to declines in the overall DTC market, a strategic reallocation of advertising spend to higher return areas, and an increase in points of distribution in the Wholesale channel, which expanded brick and mortar availability for Black Rifle Coffee consumers.

Net revenue for our Outpost channel for the three months ended March 31, 2025, increased $0.1 million, or 2%, to $5.5 million as compared to $5.4 million for the corresponding period in 2024. The increase was primarily driven by higher franchise fees and increased average order values, supported by efforts to drive add-on and bundled purchases through company-owned retail stores.

Cost of goods sold

Cost of goods sold for the three months ended March 31, 2025 increased $1.3 million, or 2%, to $57.5 million as compared to $56.2 million for the corresponding period in 2024. Gross margin decreased to 36% for the three months ended March 31, 2025 as compared to 43% for the corresponding period in 2024. The decrease in gross margin was driven by the decrease in revenue as a result of the decrease in the accrual for loyalty reward points in the first quarter of 2024. The decline also reflected higher coffee bean prices and increased investments in trade and pricing, partially offset by productivity improvements and favorable mix.

Operating expenses

Total operating expenses for the three months ended March 31, 2025 decreased $0.3 million, or 1%, to $37.9 million as compared to $38.2 million for the corresponding period in 2024.

The following table summarizes operating expenses for the periods indicated (*dollars in thousands, unaudited*):

	Three Months Ended March 31,			
	2025	2024	$ Change	% Change
Marketing and advertising	$ 11,322	$ 7,609	$ 3,713	49 %
Salaries, wages and benefits	13,563	15,261	(1,698)	(11)%
General and administrative	11,786	15,346	(3,560)	(23)%
Other operating expense, net	1,233	14	1,219	8707 %
Total operating expenses	$ 37,904	$ 38,230	$ (326)	(1)%

Marketing and advertising expenses for the three months ended March 31, 2025 increased $3.7 million, or 49%, to $11.3 million as compared to $7.6 million for the corresponding period in 2024. This increase was due to our expansion of partnerships, higher advertising spend, incremental shopper marketing, and an increase in marketing to support the launch of Black Rifle Energy.

Salaries, wages and benefits expenses for the three months ended March 31, 2025 decreased $1.7 million, or 11%, to $13.6 million as compared to $15.3 million for the corresponding period in 2024. This decrease was as a result of reduced compensation costs through headcount reductions.

General and administrative expenses for the three months ended March 31, 2025 decreased $3.6 million, or 23%, to $11.8 million as compared to $15.3 million for the corresponding period in 2024. This decrease was as a result of our continued efforts to find efficiencies in our corporate infrastructure and remove inefficient or duplicative expenses in professional services, information technology, and other expense areas.

Other operating expense, net for the three months ended March 31, 2025 increased $1.2 million compared to the first quarter of 2024. The increase was related to retail lease terminations resulting in the loss on disposal of the assets related to the terminated locations.

Components of Our Non-Operating Expenses

The following table summarizes non-operating expenses for the periods indicated (*dollars in thousands, unaudited*):

	Three Months Ended March 31,			
	2025	2024	$ Change	% Change
Interest expense, net	$ (2,370)	$ (2,051)	$ 319	16 %
Total non-operating expenses	$ (2,370)	$ (2,051)	$ 319	16 %

Interest expense, net for the three months ended March 31, 2025 increased $0.3 million, or 16%, to $2.4 million as compared to $2.1 million for the corresponding period in 2024. The increase was primarily due to an increase in average debt balances.

Liquidity and Capital Resources

Liquidity Overview

Our principal use of cash is to support the growth of our business, including increasing working capital requirements related to inventories, accounts receivable, and general and administrative expenses. Furthermore, we use cash to fund our debt service commitments, capital equipment acquisitions, and other growth-related needs.

Our primary sources of cash are (1) cash on hand, (2) cash provided by operating activities, and (3) net borrowings from our credit facilities. As of March 31, 2025, our cash and cash equivalents was $3.9 million, our working capital was $21.7 million, and under our credit facilities, we had $18.2 million of available borrowings. Our ability to draw from the credit facilities is subject to a borrowing base and other covenants. There are no defaults or events of default at this time and the Company is in compliance with all covenants. We believe that these sources of liquidity will be sufficient to fund our working capital requirements and to meet our commitments in the ordinary course of business and under the current market conditions for at least the next twelve months.

See Note 8, *Long-Term Debt*, to the consolidated financial statements included in Item 1 of Part I of this Quarterly Report for information regarding the Credit Agreements.

Cash Flows from Operating, Investing and Financing Activities

The following table summarizes our cash flows for the periods indicated (*dollars in thousands, unaudited*):

	Three Months Ended March 31,			
	2025	2024	$ Change	% Change
Cash flows provided by (used in):				
Operating activities	$ (4,141)	$ 4,914	$ (9,055)	(184)%
Investing activities	$ (1,173)	$ (2,677)	$ (1,504)	(56)%
Financing activities	$ 2,406	$ (10,688)	$ 13,094	123 %

Operating Activities

Net cash used in operating activities was $4.1 million for the three months ended March 31, 2025, compared to net cash provided by operating activities of $4.9 million for the corresponding period in 2024. The total decrease of $9.1 million in net cash provided by operating activities was primarily due to net income of $1.9 million for the quarter ended March 31, 2024 compared to net loss of $7.8 million for the quarter ended March 31, 2025.

Investing Activities

Net cash used in investing activities was $1.2 million for the three months ended March 31, 2025, compared to net cash used in investing activities of $2.7 million for the corresponding period in 2024. The $1.5 million decrease in net cash used in was primarily due to reduced capital expenditure projects for our Outpost locations, roasting facilities and information technology.

Financing Activities

Net cash provided by financing activities was $2.4 million for the three months ended March 31, 2025, compared to net cash used in financing activities of $10.7 million for the corresponding period in 2024. The $13.1 million increase in net cash provided by financing activities was primarily due to an increase in proceeds from issuance of long-term debt net of debt issuance costs of $77.1 million, partially offset by repayments of long-term debt of $63.9 million.

Commitments

The Company has entered into several manufacturing and purchase agreements to purchase coffee products from third-party suppliers. The minimum purchase amounts are based on quantity and in the aggregate will be approximately $20.0 million for the remainder of 2025; $30.0 million for 2026; and $32.4 million for 2027. See Note 14, *Commitments and Contingencies* to the consolidated financial statements included in Item 1 of Part I of this Quarterly Report for information regarding such manufacturing and purchase agreements.

Liabilities relating to operating leases that have commenced as of March 31, 2025 have been reported on the consolidated balance sheets as "Operating lease liabilities". Payments on leases are expected to be approximately $3.8 million in the next twelve months, and approximately $36.4 million beyond twelve months through 2043.

Capital Expenditures

Future capital requirements will vary materially from period to period and will depend on factors such as adding additional roasting capacity, expansion of our corporate and information technology infrastructure relating to growth initiatives and expansion and growth by opening additional Company-operated Outposts. We currently expect to fund our material capital requirements with borrowings from our credit facilities, but we may also seek additional debt or equity financing.

Critical Accounting Estimates

Our significant accounting policies and critical accounting estimates are described in Note 2 to the audited consolidated financial statements for the year ended December 31, 2024 included in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 3, 2025. There have been no material changes to our significant accounting policies or critical accounting estimates during the three months ended March 31, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our Term Loan Facility bears interest at a rate per annum equal to either (i) a reference rate plus a margin ranging from 5.00% to 5.50% based on a total net leverage ratio threshold or (ii) term SOFR plus a margin ranging from 6.00% to 6.50% based on a total net leverage ratio threshold. Borrowings under our ABL Facility bear interest at a rate per annum of either (i) the Base Rate (as defined below) plus a margin ranging from 0.50% to 1.50% or (ii) term SOFR plus a margin ranging from 1.50% to 2.50%. "Base Rate" means, for any day, the base commercial lending rate of PNC as publicly announced to be in effect from time to time. We seek to manage exposure to adverse interest rate changes through our normal operating and financing activities. As of March 31, 2025, we had $39.8 million outstanding on our Term Loan Facility and $33.1 million outstanding on our ABL Facility with available borrowings of $18.2 million. The carrying value of the variable interest rate debt approximates its fair value as the borrowings are based on market interest rates. A hypothetical increase of interest rates of 5% on our outstanding variable rate borrowings would result in additional interest expense annually of approximately $3.6 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of March 31, 2025. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2025, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 14, *Commitments and Contingencies* to the consolidated financial statements included in Item 1 of Part I of this Quarterly Report for information regarding certain legal proceedings in which the Company is involved.

Item 1A. Risk Factors

In addition to the other information included in this Quarterly Report, you should carefully consider the risks and uncertainties discussed in our "*Cautionary Note Regarding Forward-Looking Statements*". Other than the below risk factor, there have been no material changes to the risk factors that were previously disclosed in Item 1A in the Company's 2024 Form 10-K.

Changes in U.S. trade policies, including the imposition of tariffs, including punitive and retaliatory tariffs, specifically with respect to countries where we source our high-quality coffee beans, or tariffs that specifically target coffee beans, may adversely impact our business, financial condition, and results of operations.

The Trump Administration implemented significant changes to U.S. trade policies and implemented new tariffs on coffee and other goods imported into the U.S., which has introduced uncertainty to our business and will increase the cost of our products sourced outside of the U.S. The extent and duration of increased tariffs and the resulting impact on general economic conditions and on our business are uncertain and depend on various factors, such as negotiations between the U.S. and affected countries, the responses of other countries or regions, exemptions or exclusions that may be granted, and availability and cost of alternative sources of supply. As a result of these dynamics, we may find it difficult to predict the impact to our business of these and future changes to the trading relationships between the U.S. or other countries or the impact on our business of new laws or regulations adopted by the U.S. or other countries.

The above and other potential tariffs and trade restrictions may cause the cost of our products, and as a result, prices of our products, to increase, which could reduce demand for such products, and adversely impact our revenue, financial results, and ability to service debt. This in turn could adversely affect our financial condition and results of operations. In addition, to the extent changes in the political environment have a negative impact on us or on the markets in which we operate our business, our results of operations and financial condition could be materially and adversely impacted in the future. At this time, it remains unclear what the U.S. government or foreign governments will or will not do with respect to international trade agreements and policies or additional tariffs that may be imposed.

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans - Directors and Section 16 Officers

During the three months ended March 31, 2025, no director or officer of the Companyadopted 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 6. Exhibits

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on February 10, 2022 with the SEC).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company’s Form 8-K filed on May 2, 2024 with the SEC).
3.3	Certificate of Correction to the Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company’s Form 8-K/A filed on August 16, 2024 with the SEC).
3.4	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Form 8-K filed on February 10, 2022 with the SEC).
3.5	Amendment to By-Laws of the Company (incorporated by reference to Exhibit 3.5 to the Company’s Form 10-K filed on March 3, 2025, with the SEC).
10.1*	Letter Agreement, dated as of April 9, 2022, between Chris Clark and Black Rifle Coffee Company LLC.
10.2*	Letter Agreement, dated as of August 8, 2023, between Chris Clark and Black Rifle Coffee Company LLC.
10.3*	Letter Agreement, dated as of September 1, 2021, between Andrew McCormick and Black Rifle Coffee Company LLC.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as 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.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

* Filed herewith.
** Furnished herewith

SIGNATURES

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

BRC Inc.

By: /s/ Christopher Mondzelewski
Christopher Mondzelewski
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Stephen Kadenacy
Stephen Kadenacy
Chief Financial Officer
(Principal Financial Officer)

May 5, 2025

Exhibit 10.1

04/09/2022

Dear Chris,

Evan Hafer and I are delighted to extend this offer of employment for the position of **Chief Technology Officer** with Black Rifle Coffee Company , LLC (the "Company"). Please review this summary of the terms and conditions for your anticipated employment with us. If you choose to accept this offer, subject to the approvals set forth below, your start date will be mutually agreed upon. This offer of employment is contingent upon a satisfactory background and reference check, and formal appointment to your role by the Board of Directors of BRC Inc. ("BRC"), the parent company of the Company.

The leadership team and I are incredibly excited for you to join our team. Please find below the terms and conditions of your employment.

Position. Your title will be **Chief Technology Officer** and you will report directly to the **Co-CEO, Tom Davin.** This is a Full-Time, exempt position requiring approximately 40 hours per week. While you are employed at this Company, you will not engage in any other employment, consulting, or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter of agreement, you confirm that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

Cash Compensation. The Company will pay you a salary at the rate of $350,000 per year, payable in accordance with the Company's standard payroll schedule, beginning on the date your employment commences. This salary will be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time.

Annual Incentive Plan (AIP). You will be eligible to participate in Black Rifle Coffee Company's Annual Incentive Plan (AIP) as modified by BRCC from time-to-time in its sole discretion and business judgment. Your target bonus is **75% of your base salary.** This percentage may change if you change positions within the company. This bonus payout will be based on company financial measures and individual performance, and other determinations of the Compensation Committee of the Board of Directors of BRC (the "Compensation Committee"). Your bonus payout will be prorated based on your start date.

New Hire Equity. New Hire Equity totaling $840,000 grant-date fair value of Restricted Stock Units (RSU's), subject to BRC's standard documentation, which will provide, among other things, pro-rated vesting upon the three anniversaries of the grant date, and customary restrictive covenants, and approval by the Compensation Committee. Such grant is expected to be made at the next regularly scheduled meeting of the Compensation Committee following your start date.

Long Term Incentive Plan (LTJP). You will be eligible to participate in BRC's Long-Tenn Incentive Plan. The LTIP includes the following: **a 2022 annual LTI grant totaling $640,000 ($480,000 in at-the-money stock options, and $160,000 in RSUs), each measured at grant-date fair value.** Such participation is subject to approval by the Compensation Committee of the Board of Directors of BRC at a scheduled meeting following your start date, and execution of related grant documentation, which includes customary restrictive covenants. Such grant is expected to be made at the next regularly scheduled meeting of the Compensation Committee.

Reimbursement of Relocation Expenses. The Company will reimburse you for relocation expenses that you must repay your current employer up to a maximum of$140,000.

Senior Executive Severance Plan. We anticipate that you will be eligible to participate in Black Rifle Coffee Inc's Senior Executive Severance Plan, which is currently pending finalization and approval of the Compensation Committee. Pursuant to this plan, you are expected to be entitled to nine (9) months severance for certain, specified termination events, subject to the terms thereof. Such participation will be subject to approval by the Compensation Committee, and execution of related grant documentation, which includes customary restrictive covenants.

Employee Benefits. As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits. In addition , as an Executive you will be entitled to unlimited PTO (paid time off).

The Company offers a comprehensive employee benefits program, including but not limited to:

- Vision
- Health
- Dental
- Employee Discounts
- 40l(k)

On the **1st of the month following date of employment,** you will be entitled to participate in the Company's medical , dental, vision, life insurance, and other offered benefits.

Employment Relationship. Employment with the Company is for no specific period of time . Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation, and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

Termination. The Company reserves the right to terminate the employment of any employee for just cau se at any time without notice and without payment in lieu of notice. The Company will be entitled to terminate your employment for any reason other than for just cause, upon providing to you such minimum notice as required by law.

Proprietary Information and Inventions Agreement. Like all Company employees, you will be required. as a condition of your employment with the Company, to sign the Company 's standard Proprietary Information and Inventions Agreement.

Privacy. You are required to ob serve and uphold all of the Company's privacy policies and procedures as implem ented or varied from time to time. Collection , storage, access to, and dissemination of employee personal information will be in accordance with privacy legislation .

Tax Matters.

Withholding. All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

Tax Advice. You are encouraged to obtain your own tax ad vice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company, or its Board of Directors related to tax liabilities arising from your compensation.

Interpretation, Amendment, and Enforcement. This letter agreement supersedes and replaces any prior agreements, representations or understandings (whether written, oral , implied or otherwise) between you and the Company and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company.

You may indicate your agreement with these terms and accept this offer by signing and dating this agreement. Upon your acceptance of this employment offer, Black Rifle Coffee Company will provide you with the necessary paperwork and instructions.

All the best!

/s/ Tom Davin

Tom Davin
Co-CEO
Black Rifle Coffee Company

“Black Rifle Coffee Company serves coffee and culture to people who love America”

/s/ Christopher Clark
Christopher Clark (sign)

4/11/2022
Date

Exhibit 10.2

BLACK RIFLE
COFFEE COMPANY

August 08, 2023

Dear Chris Clark,

We are pleased to offer you an update relating to your compensation with respect to your recent promotion to Chief Technology and Operations Officer at Black Rifle Coffee Company as of approval of this letter by the Compensation Committee of our Board of Directors, expected on our about the date hereof. You will report directly to the President, Chris Mondzelewski.

Cash Compensation

Your new position is classified as an exempt (salary) position. Your new annual salary will be $400,000.

Annual Incentive Plan (AIP)

You are eligible to participate in the company’s discretionary bonus program based on company and individual performance. Your bonus target will be 75% of your base pay.

Long Term Incentive Plan (LTIP)

You will be eligible to participate in BRC's Long-Term Incentive Plan in 2023 and are expected to participate annually thereafter. The LTIP for 2023 (gross) will comprise the following: a 2023 annual LTI grant totaling $900,000 (75% in at-the-money stock options, and 25% in RSUs), each measured at grant-date fair value, on a three-year vesting schedule, vesting in equal thirds on the anniversary of the grant date. This grant is expected to be issued at a future date, and will be issued net of the prior grant you received in 2023 (on a grant-date fair value methodology).

Once again, congratulations on your new position!

Sincerely,

/s/ Chris Mondzelewski

Chris Mondzelewski
President
Black Rifle Coffee Company

Exhibit 10.3

9/1/2021

Dear Andrew McCormick,

We are delighted to extend this offer of employment for the position of General Counsel & Corporate Secretary with Black Rifle Coffee Company. Please review this summary of the terms and conditions for your anticipated employment with us. If you choose to accept this offer, your start date will be September 20, 2021 or another mutually agreed upon date. This offer of employment is contingent upon a satisfactory background and reference check.

Please find below the terms and conditions of your employment, should you accept this offer letter:

Position . Your title will be General Counsel & Corporate Secretary and you will report directly to the Co-Chief Executive Officers , Evan Hafer & Tom Davin**.** This is a Full-Time, exempt position requiring approximately 40 hours per week. While you are employed at this Company, you will not engage in any other employment, consulting, or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter of agreement, you confirm that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

Cash Compensation . The Company will pay you a starting salary at the rate of $300,000 per year, payable in accordance with the Company's standard payroll schedule. This salary will be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time.

Annual Incentive Plan (AIP). You will be eligible to participate in Black Rifle Coffee Company's Annual Incentive Plan (AIP) as modified by BRCC from time-to-time in its sole discretion and business judgment. Your target bonus is 50% of your base salary. This percentage may change if you change positions within the company. This bonus payout will be based on company financial measures and individual performance. Your bonus payout may also be prorated based on your hire date.

Long Term Incentive Plan (LTIP). You will be eligible to participate in Black Rifle Coffee Company's Long-Term Incentive Plan. Such participation is subject to approval by the Compensation Committee of the Board of Directors at a scheduled meeting.

Employee Benefits . As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits. In addition, as an Executive you will be entitled to unlimited PTO (paid time off).

The Company offers a comprehensive employee benefits program, including but not limited to:

- Health
- Vision Dental
- Employee Discounts 401(k)
- Roth Traditional
- Vacation

On the 1st of the month following date of employment,you will be entitled to participate in the Company's medical, dental, vision, life insurance, and other offered benefits.

Employment Relationship . Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation, and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at-will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

Termination . The Company reserves the right to terminate the employment of any employee for just cause at any time without notice and without payment in lieu of notice. The Company will be entitled to terminate your employment for any reason other than for just cause, upon providing to you such minimum notice as required by law.

Proprietary Information and Inventions Agreement. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's standard Proprietary Information and Inventions Agreement.

Privacy. You are required to observe and uphold all of the Company's privacy policies and procedures as implemented or varied from time to time. Collection, storage, access to, and dissemination of employee personal information will be in accordance with privacy legislation.

Tax Matters.

Withholding . All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

Tax Advice. You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

Interpretation, Amendment, and Enforcement. This letter agreement supersedes and replaces any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company.

You may indicate your agreement with these terms and accept this offer by signing and dating this agreement. Upon your acceptance of this employment offer, Black Rifle Coffee Company will provide you with the necessary paperwork and instructions.

Sincerely,

/s/ Sandy Garner

Vice President, People & Culture

Black Rifle Coffee Company

"Black Rifle Coffee Company serves coffee and culture to people who love America " – we are excited to have you join our ranks.

Andrew McCormick

/s/ Andrew McCormick

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher Mondzelewski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BRC 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(s) 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(s) 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.

/s/ Christopher Mondzelewski

Date: May 5, 2025

Christopher Mondzelewski
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen Kadenacy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BRC 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(s) 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(s) 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.

	/s/ Stephen Kadenacy
Date: May 5, 2025	Stephen Kadenacy
	Chief Financial Officer
	(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of BRC Inc. (the “Company”) for the quarter ended March 31, 202, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), I, Christopher Mondzelewski, Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2025

/s/ Christopher Mondzelewski
Christopher Mondzelewski
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of BRC Inc. (the “Company”) for the quarter endd March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Quarterly Report”), I, Stephen Kadenacy, Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2025

/s/ Stephen Kadenacy
Stephen Kadenacy
Chief Financial Officer
(Principal Financial Officer)