

**REED'S** INC

**January 13, 2021  
ICR 2021 Conference**





#### CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This presentation includes “forward-looking statements,” within the meaning of the U.S. Securities Act of 1933, as amended and the U.S. Securities Exchange Act of 1934, as amended, or the “Exchange Act.” Forward looking statements are not based on historical information and include, without limitation, statements regarding our future financial condition and results of operations, business strategy and plans and objectives for future operations. Forward-looking statements reflect our current views with respect to future events, based upon estimates and assumptions made by us that are believed to be reasonable. While Reed’s is working to achieve those goals and strategies, actual results could differ materially from those projected in the forward-looking statements as a result of a number of risks, assumptions and uncertainties. These risks, assumptions and uncertainties include difficulty in marketing Reed’s products and services, maintaining and protecting brand recognition, the need for significant capital, dependence on third party distributors, dependence on third party brewers, increasing costs of fuel and freight, protection of intellectual property, competition and other factors, any of which could have an adverse effect on the business plans of Reed’s, its reputation in the industry or its expected financial return from operations and results of operations. These risks, assumptions and uncertainties are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “should,” and “will” and variations of such words and similar expressions are intended to identify such forward-looking statements. In light of significant risks and uncertainties inherent in forward-looking statements included herein, the inclusion of such statements should not be regarded as a representation by Reed’s that they will achieve such forward-looking statements or predictors of future events. All of the forward-looking statements we have included in this presentation are based on information available to us on the date of this presentation. We undertake no obligation, and specifically decline any obligation, to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### PRELIMINARY FINANCIAL INFORMATION AND GUIDANCE

Preliminary financial information and guidance should not be viewed as a substitute for full financial statements prepared in accordance with GAAP. Estimated preliminary results are subject to completion of our customary quarterly and annual financial closing and audit and review procedures and are not comprehensive statements of our financial results for the three months ended September 30, 2020 and fiscal year ended December 31, 2020. In addition, preliminary financial information is not necessarily indicative of the results to be achieved in any future period. Our financial statements and related notes as of and for the three months ended September 30, 2020 and fiscal year ended December 31, 2020 are not expected to be filed with the SEC until after this offering is completed.

#### USE OF NON-GAAP FINANCIAL MEASURES

In addition to our GAAP results, we present Modified EBITDA as a supplemental measure of our performance. However, Modified EBITDA is not a recognized measurement under GAAP and should not be considered as an alternative to net income, income from operations or any other performance measure derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of liquidity. We define Modified EBITDA as net income (loss), plus interest expense, depreciation and amortization, stock-based compensation, changes in fair value of warrant expense, and one-time restructuring-related costs including employee severance and asset impairment. We consider our core operating performance to be that which our managers can affect in any particular period through their management of the resources that affect our underlying revenue and profit generating operations during that period. Non-GAAP adjustments to our results prepared in accordance with GAAP are itemized in our 10-K for the fiscal year ended December 31, 2019, as filed with the SEC on March 18, 2020 and amended on April 8, 2020, and 10-Q for the period ended June 20, 2020, as filed with SEC on August 8, 2020. Readers are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Modified EBITDA, the reader should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Modified EBITDA should not be construed as an inference that its future results will be unaffected by unusual or non-recurring items. We present Modified EBITDA because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Modified EBITDA in developing our internal budgets, forecasts and strategic plan; in analyzing the effectiveness of our business strategies in evaluating potential acquisitions; making compensation decisions; and in communications with our board of directors concerning our financial performance.

A reconciliation of net income (loss) to Modified EBITDA for the fiscal years ended December 31, 2019 and December 31, 2018 and the three months ended September 30, 2020 and September 30, 2019 is included in the accompanying financial schedules to this presentation.

#### FORWARD LOOKING NON-GAAP FINANCIAL MEASURES

We present forward-looking non-GAAP financial information in this presentation. Reed’s is unable to present a reconciliation of forward-looking non-GAAP financial information because management cannot reliably predict all of the necessary components of such measures. The components of such measures and their relative significance are identified in this presentation prominently alongside such forward looking non-GAAP financial measures.

**Norman E. Snyder*****Chief Executive Officer***

- Joined Reed's in September 2019
- 20+ years of operations experience in the beverage industry
- Experience working alongside John Bello at SoBe and NFL Properties
- Has experience in all facets of beverage industry – sales, marketing, operations and finance

**Tom Spisak*****Chief Financial Officer***

- Joined Reed's in December 2019
- Prior VP Finance/Controller for Diageo
- 20+ years of finance experience in alcohol beverage industry including key commercial finance roles



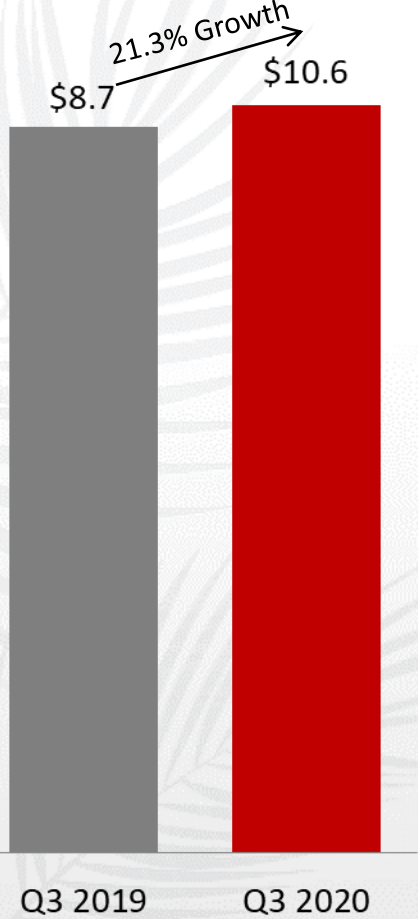
*Reed's believes Consumers have moved from the initial shock of COVID and pantry loading to self assessment and the acceleration of consuming better-for-you products...*

- ✓ **Natural** – desire for all-natural products is going mainstream
- ✓ **Clean Label** – 75% of consumers believe that fewer ingredients = healthier
- ✓ **Reduced Sugar** – shift away from high sugar and artificial sweeteners and Keto growing
- ✓ **Functionality** – move to added function to beverage with ginger/energy/hemp
- ✓ **Craft** – continued appeal of higher quality, independent, authentic brands
- ✓ **Premiumization** – steady march of US consumers embracing quality
- ✓ **“Better-for-You” Cocktails/Mocktails** – Mintel reports 35% growth, 2016-19
- ✓ **COVID-19** – consumers are increasingly reflecting on their health and lifestyle habits



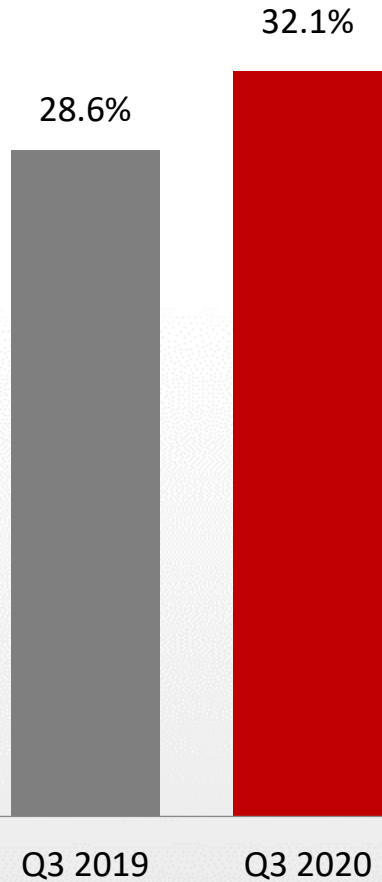
**Net Sales**

Quarter ended September 30 \$'s in millions



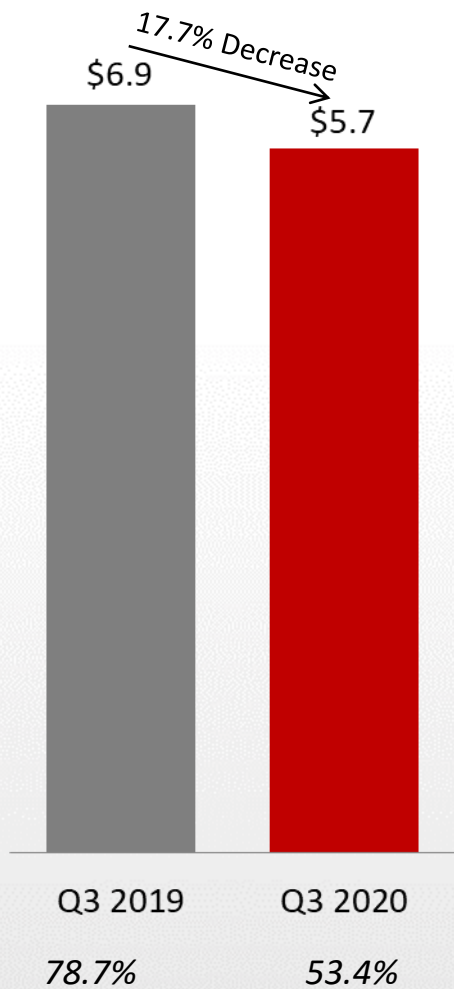
**Gross Margin**

Quarter ended September 30



**Operating Expenses**

Quarter ended September 30 \$'s in millions



**Modified EBITDA**

Quarter ended September 30 \$'s in millions



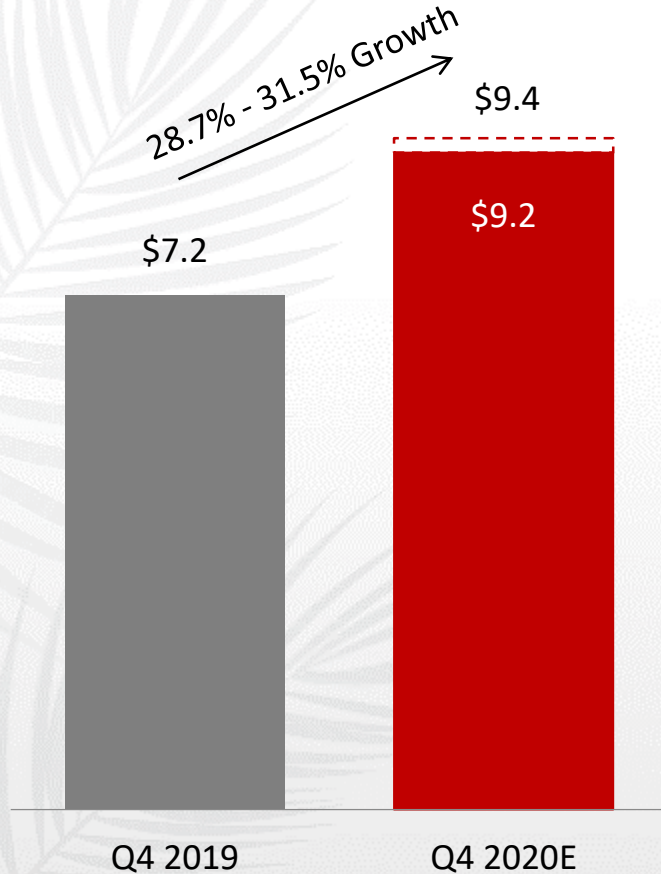
*Operating Expenses as a % of Net Sales*



**Previous Guidance**

Quarter ended December 31

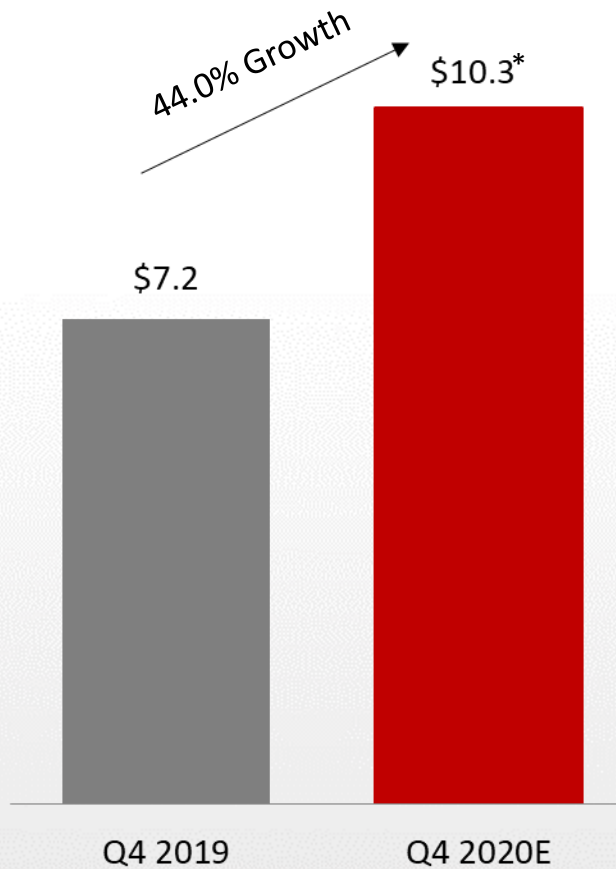
\$'s in millions



**Preliminary Results**

Quarter ended December 31

\$'s in millions



- Sustained growth across all brands
- Launch of ginger ale positive impact
- Zero sugar SKU's leading growth contributors
- Pricing up/trade spend reduced
- DSD network expansion
- ACV growth
- Velocity increases

\* Preliminary results announced 1/13/2021



**Previous Guidance**

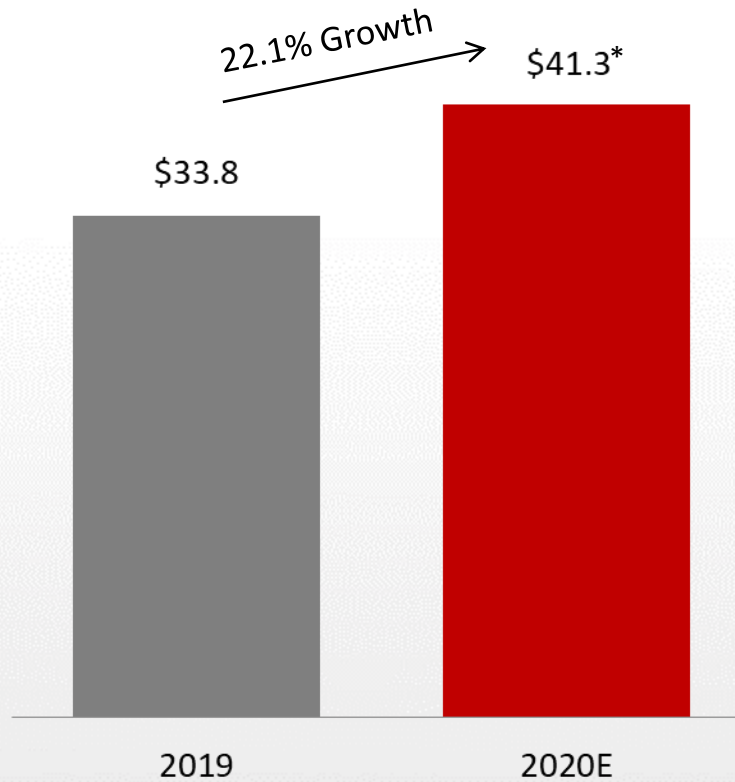
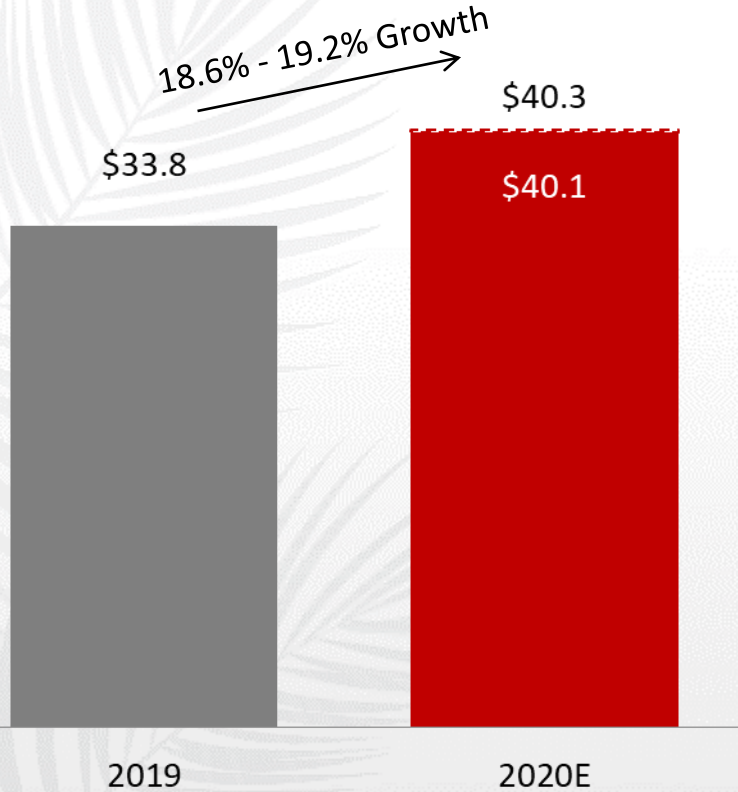
**Preliminary Results**

Year ended December 31

\$'s in millions

Year ended December 31

\$'s in millions



\* Preliminary results announced 1/13/2021

## ✓ Continue Top Line Revenue Growth

- Organically through closing distribution voids and improving execution
- Velocity growth
- Channel expansion
- Product introductions and packaging initiatives

## ✓ Margin Enhancement

- Formula optimization
- Procurement initiatives
- Tolling fee savings (contractual and through Pepsi network)
- Label modifications

## ✓ Smart Investments

- Team additions and upgrades (Rich Hubli, VP Operations)
- Strategic partnerships
- Marketing focus and campaigns
- Capital expenditures and co-packers





**Period Ended December 27, 2020**

**\$ Sales vs. Prior Year**

	4-Weeks		Year-to-Date	
<b>Reed's</b>	32.4%		35.6%	
<b>Virgil's</b>	30.0%		23.7%	
	Metric	% Growth	Metric	% Growth
<b>ACV</b>	40.3 Points	6.7%	39.6 Points	9.6%
<b>Pricing</b>	(\$0.03) / Unit	(0.5%)	\$0.37 / Unit	7.7%
<b>Velocity</b>	8.9 Units	36.9%	7.7 Units	26.2%



<sup>1</sup> Preliminary results announced 1/13/2021

<sup>2</sup> Assumes midpoint of guidance range



Expand Distribution



- “PUT” – Presence / Ubiquity / Tonnage
- Direct Store Delivery (“DSD”) – Close the gaps
- Supers – C-Stores – Club
- Drug – Dollar – Food Service



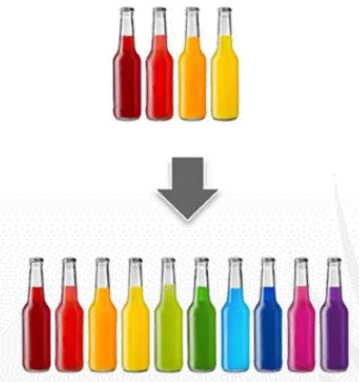
Accelerate Velocity



- Shelf space improvement
- More space
- Cold
- Mixer
- Off shelf display
- Strategic promos



Innovate & Relevant Launches



- 20oz PET
- Larger PET Package
- New Flavors
- Zero Sugar
- Cans

# Distribution

---





- New distributors, sales resources, merchandising tools helping increase reach
- Investment in slotting, trade spend, point of sale, couponing, racks and sampling

US Channel	Estimate Door Universe <sup>1</sup>	2020 Reed's Doors <sup>1</sup>	2020 New Doors Gained
NATURAL / SPECIALTY	8,000	6,600	900
GROCERY/MASS	40,000	25,662	1,420
DRUG	41,000	3,000	500
CLUB	2,400	55	55
ON-PREMISE (RESTAURANT/BAR)	670,000	3750	250
LIQUOR STORES	50,000	1250	250
CONVENIENCE STORES	150,000	1500	200
<b>TOTAL</b>	<b>961,400</b>	<b>41,817+</b>	<b>3,575</b>
<b>2021 NEW DOOR GROWTH</b>			<b>5,000 – 10,000</b>

- Significant upside in 2020 and beyond through penetrating on-premise, liquor and convenience channels

<sup>1</sup> Doors represent retail outlets in which product can be sold to a consumer.

- ✓ **Align Anheuser-Busch Network (“AB Network”) to service Publix & Southeastern Grocers**



- ✓ **Close DSD distribution in US**
  - Improved service
  - Limit out of stocks
  - Improved merchandising

- ✓ **Open new channels of distribution**

- C-Store
- Liquor store
- On-premise
- Food service

- ✓ **Sales Incentives and Spiffs**

- Display incentives
- Distribution drives
- Close SKU voids
- Drive tonnage

REED'S® INTRODUCES, REALLY REAL GINGER ALE™

Q2 Launched Estimated 6,000 doors

Reed's believes it will be in well over 11,000 doors by end of 2020<sup>1</sup>



<sup>1</sup> Based on IRI Latest 52 weeks ending 12/27/2020.

# REED'S INC 2020 PORTFOLIO – GINGER ALE WINS



ACCOUNT	# OF STORES
WALMART	1,000
KROGER w/Harris Teeter	1,560
FOOD LION	1,000
GIANT EAGLE	200
STOP & SHOP	375
BJ'S WAREHOUSE	175
HYVEE	265
SPARTAN	143
SAFEWAY SW	190
SMART & FINAL	240
ALB SEATTLE	200
ASSOC FOODS	109
H.E.B	250

2020  
11,000 DOORS



ACCOUNT	# OF STORES
SPROUTS	350
UNITED SUPER	95
NATURAL GROC	159
ALB SOUTHERN	100
PUBLIX	1,000
TOTAL WINE	200
SEG (WINN DIXIE)	500
LOWES	96
BEVMO	150
FRESH THYME	73
ACME	100
FESTIVAL	33
NATURAL/SPEC	700

ALL OTHER REGIONAL & INDE'S 1,700





- Seek to close one chain per region in Q1 2021
- Bonus tied to execution & success
- Include shots/candy
- Leverage McLane & CoreMark
- Leverage DSD Network

20oz PET NEEDS TO RIP OUT OF COOLERS

NORTHEAST



SOUTHEAST



MIDWEST



CENTRAL



SOUTHWEST



NORTHWEST



# Velocity

---



# STOP & SHOP



## STOP & SHOP BARGAIN AISLE

- Holiday Time Frame (entire Q4)
- Halloween, Thanksgiving, Christmas and New Years
- 2 shelves (one ZERO & one Full Sugar)
- \$3.99 everyday – 2/\$7.00 on Feature



### Q4 ROLLER PROMOTION

EDL PRICE	\$3.99
ROLLER PRICE	\$2.99

### Q4 MEGA PROMOTION

BUY 5 – MEGA ITEMS

2 WEEKS	GET \$0.50 OFF
4 WEEKS	GET \$1.00 OFF

# Publix

- 9 – SKUS
- 800 to 1000 stores (est)
- December resets

80,000 Incremental Cases Sold During Q4/\$1.1M

*New ginger ale driving velocity almost as strong as 30 year extra in less than 6 months...*

Launched April 15, 2020



Velocity Comparison (units sold per store per week)

3.0	9.8*	3.6	5.2	5.0	3.9
-----	------	-----	-----	-----	-----

TOTAL US GROCERY



4.6	5.0	4.7	7.8	5.2	5.2
-----	-----	-----	-----	-----	-----



\* 8 Packs equivalized to 4 Packs

*Strong performance despite cycling heavy pipeline fill on new SKUs Reed's Zero Extra and Virgil's Zero Root Beer...*

Trader Joe's	Case Volume		YOY	Revenue		YOY
	2019	2020	% Change	2019	2020	% Change
Reed's Extra	115,034	105,244	-8.5%	1,974,430	1,894,392	-4.1%
Reed's Extra Zero	33,755	61,326	81.7%	595,388	1,103,885	85.4%
<b>Total Reed's</b>	<b>148,789</b>	<b>166,570</b>	<b>12.0%</b>	<b>2,569,818</b>	<b>2,998,277</b>	<b>16.7%</b>
Virgil's Root Beer	85,689	81,465	-4.9%	1,472,542	1,466,370	-0.4%
Virgil's Zero Root Beer	27,741	41,509	49.6%	484,936	747,162	54.1%
<b>Total Virgil's</b>	<b>113,430</b>	<b>122,974</b>	<b>8.4%</b>	<b>1,957,478</b>	<b>2,213,532</b>	<b>13.1%</b>
<b>Total Reed's and Virgil's</b>	<b>262,219</b>	<b>289,544</b>	<b>10.4%</b>	<b>4,527,296</b>	<b>5,211,809</b>	<b>15.1%</b>



Account/Banner Name	Estimated Total Store Universe	Estimated # of Stores Selling Reed's / Virgil's	Estimated % Active Stores	Estimated Units Sold Per Store Per Week
Whole Foods <sup>1</sup>	518	496	95.8	40.2
Fred Meyer	133	132	99.3	40.1
Wegmans	103	103	100.0	24.7
Harris Teeter	260	258	99.4	23.3
Hannaford	189	183	96.7	16.8
Kroger Corporate Banners	2,257	1,961	86.9	14.1
Demoulas Market Basket	81	78	95.9	14.0
Giant Eagle	216	196	90.6	13.5
Ralphs	465	365	78.6	13.3
Meijer	240	239	99.7	13.2
Walmart	4,756	815	17.1	11.2
Sprouts <sup>2</sup>	300	300	100.0	11.0
Albertsons/Safeway Southwest Division	190	182	95.5	9.2
Raleys	126	120	95.2	8.9
Albertsons Safeway Seattle Division	203	193	95.1	8.3
Albertsons/Safeway NorCal Division	250	189	75.8	7.8
Ahold USA Corporate	1,977	1,828	92.5	7.6
Alberstons/Safeway Corporate	2,252	1,444	64.1	7.5
Publix	1,252	1,032	82.4	6.8
Food Lion	1,029	1,001	97.3	6.8
Stater Brothers	171	153	89.7	6.7
Target	1,844	1,404	76.2	6.7
Stop and Shop	415	362	87.2	6.7
Hyvee	245	201	81.9	5.5
Save Mart	207	177	85.5	5.4
Winn Dixie/SEG Banners	550	524	95.2	5.1
Price Chopper	131	77	58.7	4.7
Shop Rite	296	121	40.8	4.5
Brookshire	175	118	67.4	4.2
<b>Estimated Total Multi Outlet</b>	<b>100,000</b>	<b>39,569</b>	<b>39.6</b>	<b>7.7</b>

Goal: 13.5



National Avg.: 7.7

Reed's is driving to increase units sold per store per week from 7.7 to 13.5

Source: IRI Latest 52 weeks ending 12/27/20

<sup>1</sup> Whole Foods Portal ended 12/27/20.

<sup>2</sup> Spins. Latest 4 weeks ended 11/29/20 with extrapolation for estimated 52 week volume.

# Marketing

---





**WIN WITH GINGER ALE**

**WIN IN ZERO SUGAR**

**GINGER BEER LEADERSHIP**

**BRING THE FUN**



<h1>1</h1>	<h2>WIN WITH GINGER ALE</h2>	<ul style="list-style-type: none"> <li>• Target 2% of \$1.1 B (+11.2%) Ginger Ale Category</li> <li>• Source volume from CD and Zevia GA</li> </ul>	
<h1>2</h1>	<h2>GINGER BEER LEADERSHIP</h2>	<ul style="list-style-type: none"> <li>• Ginger beer category \$94M (15.8% YAG)</li> <li>• Zero Sugar Ginger Beer \$21M (+41%)</li> <li>• Target Bundaberg \$23M (+24%)</li> </ul>	
<h1>3</h1>	<h2>BEST IN ZERO SUGAR</h2>	<ul style="list-style-type: none"> <li>• Target 10% of Zevia \$104M (+25%)</li> <li>• Source volume from Zevia and Mass Diets</li> </ul>	
<h1>4</h1>	<h2>BRING THE FUN</h2>	<ul style="list-style-type: none"> <li>• Category Expansion (shots, Candy, RTD Mule) and resurrection of Handcrafted Virgil's Seasonal Items</li> </ul>	



# 1

## WIN WITH GINGER ALE

Objective: Drive Year 2 Growth on Ginger Ale

- Target 2% of \$1.1 B (+11.2%) Ginger Ale Category
- Source volume from CD and Zevia GA



### Expand Distribution

**Y2 EXPANSION**

- Mainstream
- Natural
- Amazon

**NEW**

- Convenience
- Hospitals
- Webstore
- Club
- Colleges
- Venues



### Accelerate Velocity

**MERCHANDISING AWARENESS**

2020/2021 Campaign- target mass & Zevia

- Paid Social
- Influencers
- PR

**TRIAL**

- In Home Sampling
- Green machine

**PURCHASE**

- Amazon Marketing
- Instacart Marketing
- Couponing (Catalina/Ibotta)

### Relevant Launches

- PET/CONVENIENCE
- ECOMMERCE PACK
- GINGER BINGE BOX
- SAMPLER (Webstore)





# 2

## GINGER BEER LEADERSHIP

Objective: Keep others from winning!

- GB Category \$92MM (15.8% YAG)/ Zero Sugar GB \$21MM (+41%)
- Target Bundaberg \$23MM (+24%)



### Expand Distribution

#### Y2 EXPANSION OF ZERO

- Grocery/Natural
- Amazon
- Webstore



#### EXPANSION OF CANS

- Liquor stores
- Mixer Section
- C-Store

#### EXPANSION OF CORE

### Accelerate Velocity

#### MERCHANDISING OPTIMIZATION AWARENESS

2020/2021 Campaign- Target Bundaberg

- Paid Social
- Influencers
- PR

#### TRIAL

- In Home Sampling
- Green machine

#### DRIVE PURCHASE

- Amazon Marketing
- Instacart Marketing
- Couponing (Catalina/Ibotta)

### Relevant Launches

IMPROVED EXTRA & ZERO EXTRA CANS (mixer-set & ecommerce)



3

WIN IN ZERO

Objective: Take Share from Zevia

- Target 10% of Zevia \$104MM (+25%)
- Source volume from Zevia and Mass Diets



Expand Distribution

Y3 EXPANSION OF ZERO CORE

- Grocery/Natural
- Targeted off-shelf/display execution
- Line Extension to improve sell-in and increased shelf space
- Cold Availability

Accelerate Velocity

MERCHANDISING OPTIMIZATION AWARENESS

NEW Soda Smarter Campaign- Target Zevia Users

- Paid Social
- Influencers
- PR

TRIAL

- In Home Sampling
- Sampling Truck as needed

DRIVE PURCHASE

- Amazon Marketing
- Instacart Marketing
- Couponing (Catalina/Ibotta)

Relevant Launches

LINE EXTENTIONS:

- Dr. Better
- Grapefruit
- Ginger Ale



4

BRING THE FUN

Objective: Be spontaneous and drive new interest in items that we can repurpose to drive sales or awareness



Expand Distribution

SECONDARY PLACEMENT

ECOMMERCE

- Webstore
- Amazon Special Packs

CONVENIENCE

Accelerate Velocity

AWARENESS

- Email Campaigns
- Social Posts
- Influencers
- PR

TRIAL

- Sampling Truck as needed

DRIVE PURCHASE

- Shopify Site

Relevant Launches

DR. BETTER FULL SUGAR

SWING LIDS

- Flying Cauldron/ Bavarian Root Beer

KEG

GINGER BOO BOX

MYSTERY BOX

GEAR

GINGER BING BOX- sampler





Give Consumers Relevant Products Where They Want It

CORE



CHANNEL PACKS

Ecommerce/ Club Packs



LIMITED EDITIONS



*2021 PACKAGE AND CHANNEL STRATEGY TO BUILD UBIQUITY ACROSS THE US*

<b>SUPERS/NATRL</b>	Warm Shelf Warm Shelf 1 liter Warm Shelf Mixer Set Cold Shots Candy
<b>CLUB</b>	24 pack Virgil's box
<b>DRUG</b>	Reed's cans Bottles
<b>C-STORE</b>	Bottles Reed's cans Shots Candy
<b>COLLEGE/ VENDING</b>	Reed's cans Virgil's cans Bottles
<b>HOSPITALS</b>	Reed's cans
<b>LIQUOR</b>	Mixer Set cans Reed's cans Virgil's cans
<b>AIRLINES</b>	Reed's cans

# Historical Financials

---







	Fiscal Year Ended December 31,		LTM as of	Nine Months Ended	
	2018	2019	9/30/20	9/30/19	9/30/20
Net Sales	\$ 38,102,000	\$ 33,820,000	\$ 38,089,000	\$ 26,669,000	\$ 30,938,000
<i>% Growth</i>	1.0%	(11.2)%			16.0%
Cost of Goods Sold	\$ 27,424,000	\$ 25,944,000	\$ 28,248,000	\$ 19,390,000	\$ 21,694,000
Gross Profit	\$ 10,678,000	\$ 7,876,000	\$ 9,841,000	\$ 7,279,000	\$ 9,244,000
<i>% Margin</i>	28.0%	23.3%	25.8%	27.3%	29.9%
Operating Expenses					
Delivery and Handling Expense	\$ 5,489,000	\$ 5,993,000	\$ 6,574,000	\$ 4,369,000	\$ 4,950,000
Selling and Marketing Expense	4,879,000	9,188,000	6,852,000	7,718,000	5,382,000
General and Administrative Expense	8,383,000	7,596,000	5,911,000	6,557,000	4,872,000
Impairment of Assets	229,000	0	0	0	0
Gain on Sale or Disposal of Equipment	0	(45,000)	(45,000)	0	0
Gain on Sale of Los Angeles plant	(180,000)	0	0	0	0
Total Operating Expenses	\$ 18,800,000	\$ 22,732,000	\$ 19,292,000	\$ 18,644,000	\$ 15,204,000
Operating Income	\$(8,122,000)	\$(14,856,000)	\$(9,451,000)	\$(11,365,000)	\$(5,960,000)
<i>% Margin</i>	(21.3)%	(43.9)%	(24.8)%	(42.6)%	(19.3)%
Other Expenses					
Interest Expense	\$ 2,201,000	\$ 1,286,000	\$ 1,300,000	\$ 947,000	\$ 961,000
Change in Fair Value of Warrant Liability	2,000	(30,000)	(8,000)	(23,000)	(1,000)
Total Other Expenses	\$ 2,203,000	\$ 1,256,000	\$ 1,292,000	\$ 924,000	\$ 960,000
Net Income	\$(10,325,000)	\$(16,112,000)	\$(10,743,000)	\$(12,289,000)	\$(6,920,000)
<i>% Margin</i>	(27.1)%	(47.6)%	(28.2)%	(46.1)%	(22.4)%



	Fiscal Year Ended December 31,		LTM as of	Nine Months Ended	
	2018	2019	9/30/20	9/30/19	9/30/20
Net Income	\$(10,325,000)	\$(16,112,000)	\$(10,743,000)	\$(12,289,000)	\$(6,920,000)
Modified EBITDA Adjustments:					
Depreciation and Amortization	\$ 108,000	\$ 152,000	\$ 189,000	\$ 108,000	\$ 145,000
Interest Expense	2,201,000	1,286,000	1,300,000	947,000	961,000
Stock Option and Other Noncash Compensation	2,081,000	1,296,000	706,000	1,597,000	1,007,000
Change in Fair Value of Warrant Liability	2,000	(30,000)	(8,000)	(23,000)	(1,000)
Gain on Plant Sale	(180,000)	0	0	0	0
Impairment and Severance Costs	1,156,000	643,000	(39,000)	682,000	0
Total EBITDA Adjustments	\$ 5,368,000	\$ 3,347,000	\$ 2,148,000	\$ 3,311,000	\$ 2,112,000
<b>Modified EBITDA</b>	<b>\$(4,957,000)</b>	<b>\$(12,765,000)</b>	<b>\$(8,595,000)</b>	<b>\$(8,978,000)</b>	<b>\$(4,808,000)</b>
<i>% Margin</i>	<i>(13.0)%</i>	<i>(37.7)%</i>	<i>(22.6)%</i>	<i>(33.7)%</i>	<i>(15.5)%</i>



	As of December 31,		As of
	2018	2019	9/30/20
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 624,000	\$ 913,000	\$ 875,000
Accounts Receivable	2,608,000	2,099,000	4,647,000
Receivable from Related Party	195,000	356,000	391,000
Inventory	7,380,000	10,508,000	9,436,000
Prepaid Expenses and Other Current Assets	131,000	420,000	704,000
<b>Total Current Assets</b>	<b>\$ 10,938,000</b>	<b>\$ 14,296,000</b>	<b>\$ 16,053,000</b>
<b>Long Term Assets</b>			
Property and Equipment, Net	\$ 896,000	\$ 1,053,000	\$ 984,000
Equipment Held for Sale, Net	82,000	67,000	67,000
Intangible Assets	576,000	576,000	613,000
<b>Total Long Term Assets</b>	<b>\$ 1,554,000</b>	<b>\$ 1,696,000</b>	<b>\$ 1,664,000</b>
<b>Total Assets</b>	<b>\$ 12,492,000</b>	<b>\$ 15,992,000</b>	<b>\$ 17,717,000</b>

	As of December 31,		As of
	2018	2019	9/30/20
<b>Liabilities &amp; Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 5,721,000	\$ 5,539,000	\$ 5,441,000
Accrued Expenses	1,483,000	646,000	835,000
Line of Credit	6,980,000	3,177,000	4,272,000
Current Portion of Capital Leases Payable	51,000	49,000	114,000
Current Portion of Long Term Financing Obligation	0	0	470,000
Convertible Note to a Related Party	0	0	5,128,000
<b>Total Current Liabilities</b>	<b>\$ 14,235,000</b>	<b>\$ 9,411,000</b>	<b>\$ 16,260,000</b>
<b>Long Term Liabilities</b>			
Capital Leases Payable, Less Current Portion	\$ 801,000	\$ 737,000	\$ 592,000
Bank Notes, Less Current Portion	0	0	300,000
Convertible Note to a Related Party	4,161,000	4,689,000	0
Warrant Liability	38,000	8,000	7,000
<b>Total Long Term Liabilities</b>	<b>\$ 5,000,000</b>	<b>\$ 5,434,000</b>	<b>\$ 899,000</b>
<b>Total Liabilities</b>	<b>\$ 19,235,000</b>	<b>\$ 14,845,000</b>	<b>\$ 17,159,000</b>
<b>Stockholders' Equity</b>			
Convertible Preferred	\$ 94,000	\$ 94,000	\$ 94,000
Common Stock	3,000	5,000	6,000
Common Stock Issuable	0	0	285,000
Additional Paid in Capital	53,591,000	77,596,000	83,646,000
Accumulated Deficit	(60,431,000)	(76,548,000)	(83,473,000)
<b>Total Stockholders' Equity</b>	<b>\$(6,743,000)</b>	<b>\$ 1,147,000</b>	<b>\$ 558,000</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 12,492,000</b>	<b>\$ 15,992,000</b>	<b>\$ 17,717,000</b>

# Appendix

---





**Neal Cohane**  
*Chief Sales Officer*

- Joined Reed's in 2007 as SVP Sales & Marketing
- Over 30 years in beverage industry
- Has served in multiple senior-level sales and managerial positions at PepsiCo, South Beach Beverage Company, and Coca-Cola of New York.



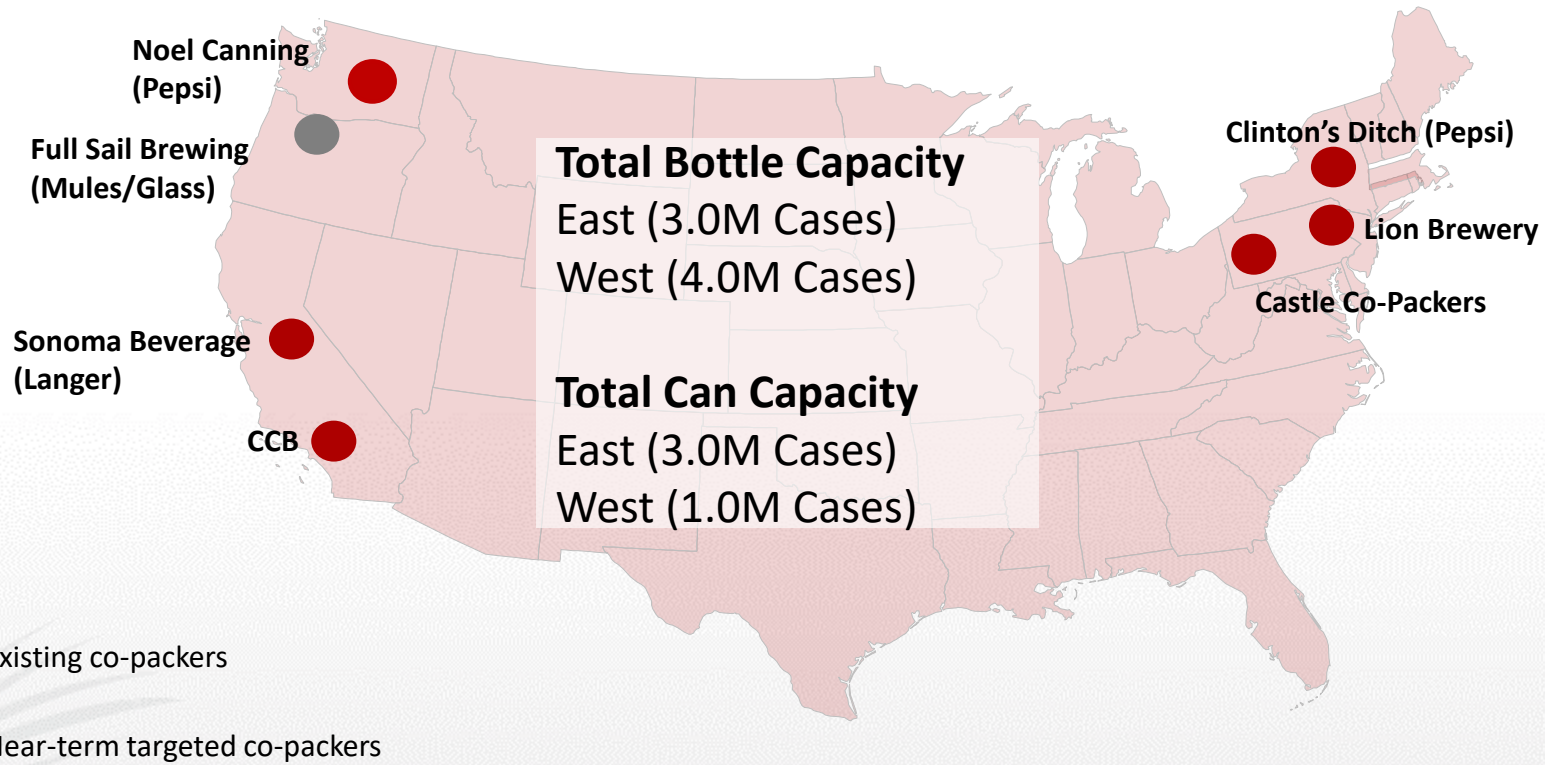
**Lindsay Martin**  
*Vice President, Marketing*

- Joined Reed's in January 2018
- Over 15 years CPG global and commercial experience, including Tostitos, Ritz, Hawaiian Tropic, Banana Boat, and Schick.
- Earned her MBA from the Tuck School of Business at Dartmouth



**Richard H. Hubli**  
*Vice President, Operations*

- Joined Reed's in September 2020
- Over 40 years in beverage industry
- Has served in multiple senior-level operations and managerial positions at PepsiCo, Cadbury Schweppes, Nestle, General Foods, Fuze, High Ridge Brands and Kozy Shack Enterprises



	Q1 2020 Capacity	Q1 2021 Capacity
Bottle Capacity	6.0M Cases	7.0M Cases
Can Capacity	2.5M Cases	4.0M Cases
<b>Total Capacity</b>	<b>8.5M Cases</b>	<b>11.0M Cases</b>



41,000+ SUPER/NATURAL DOORS AND GROWING



**BUSINESS OBJECTIVE:** Grocery/Natural/Ecommerce

**OPPORTUNITY:** Growth of Mocktails and Interest in Flavors

**CONCEPT:**

Now get your favorite Ginger Ale Cocktail as a Mocktail.

Drink straight or Mix.

Real Ginger, All-Natural

**PRICING:** TBD





**BUSINESS OBJECTIVE:** Grocery/Natural/Ecommerce

**OPPORTUNITY:** Consumers have told us they don't want it to go. We are moving to refresh the last Classic Reed's SKU vs. discontinue.

**CONCEPT:** 100% Honey and Pineapple Sweetened

**PRICING:** TBD



**BUSINESS OBJECTIVE:** Grocery/Natural/Ecommerce

**OPPORTUNITY:** Consumer Feedback limited time offer of another old popular brand

**CONCEPT:**

This Dr. is just Better. Now a Dr. Better Flavor

**PRICING:** TBD



**BUSINESS OBJECTIVE:** Expand all commodity volume (“ACV”), Velocity in high-turning/ fast-growing segments

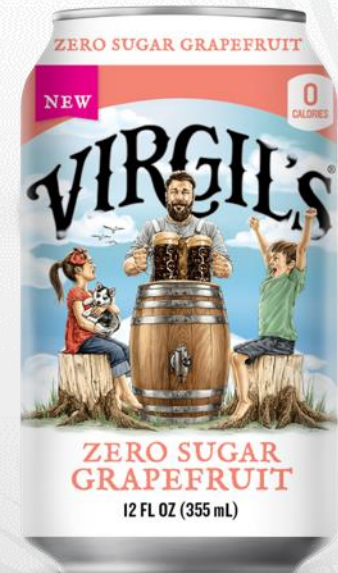
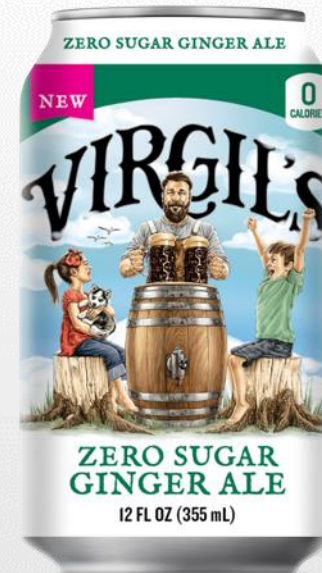
**OPPORTUNITY:** Launch new flavors as ammunition to attract Zevia users

- 76% of Zevia drinkers are very (or extremely) likely to try Virgil’s Zero<sup>1</sup>
- Dr. Pepper, Grapefruit and Ginger Ale are on-trend, high-growth flavors<sup>2</sup>
  - Dr Pepper: \$1.6 billion (12.6%)
  - Diet Dr Pepper: \$614 million (12.9%)
  - Fresca Grapefruit: \$58 million (12.9%)
  - Dr Zevia: \$10 million (25.6%)
  - Zevia Grapefruit: \$1 million (12.2%)
  - Zevia Ginger Ale: \$13 million (23.3%)

**CONCEPT:**

The Classic bold soda flavor that you love, with no guilt, now in new flavors!

**PRICING:** \$4.99-\$5.99



<sup>1</sup> Source: Brookmark Zevia Target Insights Study; June 2020; 600 Zevia Respondents

<sup>2</sup> Source: SPINS Latest 52 Weeks Ending 8/9/2020, Total MULO + Nat Enh

**BUSINESS OBJECTIVE:** Incremental placement

**OPPORTUNITY:** Leverage limited edition packs to gain in-store display and bring news and excitement to the brand

**CONCEPT:**

Now special editions of the brews you love in a unique pack!

- Virgil's Bavarian Nutmeg Root Beer
- Flying Cauldron collectible bottle
- Virgil's Root Beer Party Keg

**PRICING:** Premium priced/oz



**BUSINESS OBJECTIVE:** Incremental placement

**OPPORTUNITY:** Gain in-store display and bring news and excitement to the brand

**PRICING:** Premium priced/oz



NEW GINGER ALE MERCHANDISING EXCELLENCE STACKS, RACKS, END CAPS

LOADED FOR THE HOLIDAYS



STOP & SHOP BARGAIN AISLE



THE BEST DEALS FROM 11/8/20 TO 1/31/21



# REED'S INC HALLOWEEN EXECUTION



