
Section 1: 8-K

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 31, 2018

REED'S, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-32501
(Commission
File Number)

35-217773
(IRS Employer
Identification No.)

**201 Merritt 7 Corporate Park
Norwalk, Connecticut 06851**

(Address of principal executive offices and zip code)

Not applicable

(Former name or former address if changed since last report)

Registrant's telephone number, including area code: (203) 890-0557

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On December 31, 2018, Reed's Inc., a Delaware corporation, sold its beverage manufacturing equipment and private label beverage business for a purchase price of \$1.25 million pursuant to an asset purchase agreement of the same date with California Custom Beverage, LLC, an entity owned by Chris Reed, founder, CIO and board member of Reed's. Chris Reed obtained debt financing from a commercial bank, PMC Financial Services, LLC, in the amount of \$1,050,000. In addition, in support of the transaction, a group of current REED shareholders, including Chairman John Bello and certain institutional investors, purchased 350,000 REED shares from Chris Reed at \$2.00 per share, in a private transaction exempt from the registration requirements of the Securities Act of 1933. The pricing was based on the higher of \$2.00 per share or a 10% discount to the 5 day VWAP ending December 28, 2018. Reed's agreed to file a resale registration on behalf of the purchasers to register the restricted shares within 20 days.

As part of the asset purchase transaction, Reed's received a full release from the building lease obligations of the LA plant (contingent only upon completion of certain documentation this week between Chris Reed and the landlord), will receive a 5% royalty on private label sales to existing customers for 3 years and a 5% referral fee on private label sales to referred customers for 3 years. The equipment was sold on an "as-is, where is" basis. In addition, the parties entered into a 3-year co-packing contract for the production of Reed's beverages in glass bottles at prevailing West Coast market rates. Certain transitional services will be provided by Reed's to the purchaser for 30 days. The transaction documents also contain customary protections for intellectual property and non-competition provisions.

The description of the transaction documents contained herein does not purport to be complete and is qualified in its entirety by reference to the complete text of the transaction documents. Copies of the transaction documents will be filed as exhibits to the company's Annual Report on Form 10-K for the annual period ended December 31, 2018.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The disclosures set forth in Item 1.01 are incorporated herein by reference.

Fair market value of the assets sold was determined after an extensive sales process led by Gordon Brothers and competitive bidding process. The company's audit committee reviewed and approved the related party transaction as well.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Press release of Reed's Inc. dated January 3, 2019](#)

SIGNATURE

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.

REEDS, INC.,
a Delaware corporation

Dated: January 3, 2019

By: /s/ Iris Snyder
Iris Snyder,
Chief Financial Officer

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Section 2: EX-99.1



Reed's, Inc. Announces the Sale of Los Angeles Facility, Completing Transformation Plan Initiatives

Executed complete transition to asset-light sales and marketing focused business model

Three-year co-packing agreement for the production of Reed's glass beverages

Agreement provides for the payment of royalties on Private Label sales for three years and a full release from all plant related obligations including the building lease

NORWALK, CT, January 3, 2019 (GLOBE NEWSWIRE) — Reed's Inc. (NYSE American: REED), owner of the nation's leading portfolio of handcrafted, all-natural beverages, today announced the closing of its sale of its Los Angeles beverage manufacturing operations, equipment and private label business. This sale marks the completion of the final major initiative in optimizing the company's operating model.

After an extensive sale process led by Gordon Brothers, Reed's sold the beverage manufacturing equipment and private label beverage business for a purchase price of \$1.25 million pursuant to an asset purchase agreement with California Custom Beverage, an entity owned by Chris Reed, founder, CIO and board member of Reed's. In support of the transaction, a group of current REED shareholders, including Chairman John Bello and certain institutional investors, purchased REED shares from Chris Reed in a private transaction exempt from the registration requirements of the Securities Act of 1933.

As part of the asset purchase transaction, Reed's will receive a royalty on private label sales to existing customers for a period of three years. The parties also entered into a three-year co-packing contract for the production of Reed's beverages in glass bottles at prevailing West Coast market rates. The transaction documents contain customary protections for intellectual property and non-competition provisions and Reed's will receive a full release from the building lease obligations of the LA plant.

"We are excited to have completed our last major transformative initiative in 2018, and we are now actively moving forward into the next phase of Reed's as a highly focused sales and marketing company as we kick off 2019," stated Val Stalowir, CEO of Reed's. "This milestone allows us to focus all of our attention and resources to driving accelerated growth and building our great brands. We now have capital flexibility to accelerate sales and marketing support for our core brands, all while reducing the need for capex investments and improving gross margins through the removal of idle plant charges."

Stalowir continued, "We are equally pleased to secure a long-term co-packing relationship with a partner we know well and who will continue to provide excellent support to the private label programs and customers we have developed. Chris Reed has been a trusted partner and innovative product development expert since he founded the company almost 30 years ago. With this agreement, we can continue to partner with Chris, now as our supplier. Chris will remain a board member of Reed's and will continue to support the Company's product development efforts."

About Reed's, Inc.:

Established in 1989, Reed's is America's best-selling Ginger Beer brand and has been the leader and innovator in the ginger beer category for decades. Virgil's is America's best-selling independent, full line of natural craft sodas. The Reed's Inc. portfolio is sold in over 30,000 retail doors nationwide. Reed's Ginger Beers are unique due to the proprietary process of using fresh ginger root combined with a Jamaican inspired recipe of natural spices and fruit juices. The Company uses this same handcrafted approach in its award-winning Virgil's line of great tasting, bold flavored craft sodas.

For more information about Reed's, please visit the Company's website at: <http://www.reedsinc.com> or call 800-99-REEDS. Follow Reed's on Twitter, Instagram, and Facebook @drinkreeds.

For more information about Virgil's please visit Virgil's website at: <http://www.virgils.com>. Follow Virgil's on Twitter and Instagram @drinkvirgils and on Facebook @drinkvirgilsoda.

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