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

FORM 10-Q

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

For the quarterly period ended June 30, 2026

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission file number: 001-32501

REED'S, INC.
(Exact name of registrant as specified in its charter)

Delaware	35-2177773
(State of incorporation)	(I.R.S. Employer Identification No.)

501 Merritt 7 PH, Norwalk, CT. 06851
(Address of principal executive offices) (Zip Code)

(800) 997-3337
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Names of each exchange on which registered
Common Stock, par value $0.0001 per share	REED	NYSE American LLC

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 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 issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There are 11,857,086 shares of the Company's common stock, par value $.0001 per share, outstanding as of August 7, 2026.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This report contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (Reform Act). Statements that constitute forward-looking statements within the meaning of the Reform Act are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "forecast," "future," "goal," "guidance," "intend," "may," "objective," "outlook," "plan," "position," "potential," "project," "seek," "should," "strategy," "target," "will" or similar statements or variations of such words and other similar expressions. All statements addressing our future operating performance, and statements addressing events and developments that we expect or anticipate will occur in the future, are forward-looking statements within the meaning of the Reform Act. These forward-looking statements are based on currently available information, operating plans and projections about future events and trends. They inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in any such forward-looking statement. These risks and uncertainties include, but are not limited to, those described in "Part I, Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 ("2025 Form 10-K") as updated by "Part II, Item 1A" of this report, which should be considered when evaluating our trends and future results. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. The discussion of risks in this report is by no means all-inclusive but is designed to highlight what we believe are important factors to consider when evaluating our future performance.

Part I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

REED'S, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share amounts)

	June 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Current assets:		
Cash	$ 2,410	$ 10,424
Accounts receivable, net of allowance of $1,060 and $980, respectively	3,107	2,317
Inventory, net	6,992	8,046
Prepaid expenses and other current assets	1,153	673
Total current assets	13,662	21,460
Property and equipment, net of accumulated depreciation of $864 and $785, respectively	1,137	1,231
Intangible assets	650	650
Total assets	$ 15,449	$ 23,341
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities:		
Accounts payable	$ 6,200	$ 3,496
Accrued expenses	634	669
Deferred revenue	51	-
Senior secured loan, net of deferred financing costs of $23 and $68, respectively	9,227	9,182
Current portion of lease liabilities	35	40
Total current liabilities	16,147	13,387
Lease liabilities, less current portion	787	803
Total liabilities	16,934	14,190
Stockholders' equity (deficiency):		
Series A Convertible Preferred stock, $10 par value, 500,000 shares authorized, 9,411 shares issued and outstanding	94	94
Common stock, $.0001 par value, 60,000,000 shares authorized; 11,857,086 and 11,820,429 shares issued and outstanding, respectively	5	5
Additional paid in capital	176,884	176,783
Accumulated deficit	(178,468)	(167,731)
Total stockholders' equity (deficiency):	(1,485)	9,151
Total liabilities and stockholders' equity (deficiency):	$ 15,449	$ 23,341

The accompanying notes are an integral part of these condensed consolidated financial statements.

REED'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2026 and 2025
(Unaudited)
(Amounts in thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Net sales	$ 7,488	$ 9,523	$ 14,630	$ 19,552
Cost of goods sold	5,607	7,110	11,314	13,682
Inventory write-offs	92	1,606	830	1,661
Total cost of goods sold	5,699	8,716	12,144	15,343
Gross profit	1,789	807	2,486	4,209
Operating expenses:				
Delivery and handling expense	1,107	1,572	2,227	3,199
Selling and marketing expense	1,709	1,271	3,456	2,773
General and administrative expense	3,037	3,757	7,082	5,772
Total operating expenses	5,853	6,600	12,765	11,744
Loss from operations	(4,064)	(5,793)	(10,279)	(7,535)
Other income (expense)	(5)	46	(50)	46
Interest expense	(204)	(301)	(408)	(590)
Net loss	(4,273)	(6,048)	(10,737)	(8,079)
Dividends on Series A Convertible Preferred Stock	-	(5)	-	(5)
Net Loss Attributable to Common Stockholders	$ (4,273)	$ (6,053)	$ (10,737)	$ (8,084)
Loss per share – basic and diluted	$ (0.36)	$ (0.78)	$ (0.91)	$ (1.06)
Weighted average number of shares outstanding – basic and diluted	11,846,210	7,727,840	11,833,391	7,645,316

The accompanying notes are an integral part of these condensed consolidated financial statements.

REED'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
For the Three and Six Months Ended June 30, 2026 and 2025
(Unaudited)
(Amounts in thousands except share amounts)

	Common Stock		Preferred Stock		Additional Paid In	Accumulated	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Deficit	(Deficiency)
Balance, March 31, 2026	11,820,429	$ 5	9,411	$ 94	$ 176,787	$ (174,195)	$ 2,691
Fair value of vested options					3		3
Fair value of vested restricted shares	36,657				94		94
Net loss			-	-	-	(4,273)	(4,273)
Balance, June 30, 2026	11,857,086	$ 5	9,411	$ 94	$ 176,884	$ (178,468)	$ (1,485)

	Common Stock		Preferred Stock		Additional Paid In	Accumulated	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Deficit	(Deficiency)
Balance, December 31, 2025	11,820,429	$ 5	9,411	$ 94	$ 176,783	$ (167,731)	$ 9,151
Fair value of vested options					8		8
Fair value of vested restricted shares	36,657				94		94
Net loss			-	-	-	(10,737)	(10,737)
Balance, June 30, 2026	11,857,086	$ 5	9,411	$ 94	$ 176,884	$ (178,468)	$ (1,485)

	Common Stock		Preferred Stock		Additional Paid In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, March 31, 2025	7,561,875	$ 1	9,411	$ 94	$ 158,484	$ (153,915)	$ 4,664
Fair value of vested options	-	-	-	-	9	-	9
Dividends on Series A						(5)	(5)
Common stock issued upon conversion of SAFE agreement	12,778	-	-	-	115	-	115
Common stock issued for cash	537,632	-	-	-	3,000	-	3,000
Net loss	-	-	-	-	-	(6,048)	(6,048)
Balance, June 30, 2025	8,112,285	$ 1	9,411	$ 94	$ 161,608	$ (159,968)	$ 1,735

	Common Stock		Preferred Stock		Additional Paid In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, December 31, 2024	7,561,875	$ 1	9,411	$ 94	$ 158,437	$ (151,884)	$ 6,648
Fair value of vested options	-	-	-	-	56	-	56
Dividends on Series A	-	-	-	-	-	(5)	(5)
Common stock issued upon conversion of SAFE agreement	12,778	-	-	-	115	-	115
Common stock issued for cash	537,632	-	-	-	3,000	-	3,000
Net loss	-	-	-	-	-	(8,079)	(8,079)
Balance, June 30, 2025	8,112,285	$ 1	9,411	$ 94	$ 161,608	$ (159,968)	$ 1,735

The accompanying notes are an integral part of these condensed consolidated financial statements.

REED'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2026 and 2025
(Unaudited)
(Amounts in thousands)

	June 30, 2026	June 30, 2025
Cash flows from operating activities:		
Net loss	$ (10,737)	$ (8,079)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	55	92
Amortization of debt discount	45	199
Fair value of vested options	8	56
Fair value of vested restricted shares	94	-
Change in allowance for doubtful accounts	1,060	1,091
Inventory write-offs and change in reserve	830	1,661
Changes in operating assets and liabilities:		
Accounts receivable	(1,850)	(2,114)
Inventory	224	(6,728)
Prepaid expenses and other assets	(480)	(179)
Decrease in right of use assets	24	23
Accounts payable	2,718	1,637
Accrued expenses	(35)	1,906
Deferred revenue	51	-
Lease liabilities	(21)	25
Net cash used in operating activities	(8,014)	(10,410)
Cash flows from investing activities:		
Trademark costs	-	(6)
Purchase of property and equipment	-	(95)
Net cash used in investing activities	-	(101)
Cash flows from financing activities:		
Proceeds from sale of common stock	-	3,000
Payment of cash recorded as debt discount	-	(34)
Amounts from former related party, net	-	(169)
Net cash provided by financing activities	-	2,797
Net decrease in cash	(8,014)	(7,714)
Cash at beginning of period	10,424	10,391
Cash at end of period	$ 2,410	$ 2,677
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 372	$ 400
Non-cash investing and financing activities:		
Reduction in property and equipment and accounts payable	15	-
Reclass SAFE agreement from accounts payable to equity	-	115
Dividends on Series A Convertible Preferred Stock	$ -	$ 5

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements of Reed's, Inc. (the "Company", "we", "us", or "our"), have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures contained in these condensed consolidated financial statements are adequate to make the information presented herein not misleading. These condensed consolidated financial statements should be read in conjunction with the financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 25, 2026. The accompanying condensed consolidated financial statements are unaudited, but in the opinion of management, contain all adjustments, including normal recurring adjustments, necessary to present fairly the Company's financial position as of June 30, 2026, and the results of its operations and its cash flows for the six months ended June 30, 2026 and 2025. The balance sheet as of December 31, 2025 is derived from the Company's audited financial statements.

During the year ended December 31, 2025, the Company began an expansion into new geographic markets in the Asia Pacific region. The Company formed a wholly owned subsidiary Reed's (Asia) Limited (BVI). Reed's (Asia) Limited subsequently formed five additional wholly owned subsidiaries, Reed's (Hong Kong) Limited, Reed's (Japan) Limited, Jiangzhi Beverage (Hainan) Co. Limited, Reed's Beverages (Singapore) PTE Limited, and Shenshen Jiangzi Beverage Co. Limited. These subsidiaries are an early part of the Company's strategic expansion in the Asia Pacific region. The Company expects continued investment in its Asia Pacific growth initiative. Reed's (Asia) Limited did not generate material sales in the period ended June 30, 2026 or 2025.

The results of operations for the six months ended June 30, 2026, are not necessarily indicative of the results of operations to be expected for the full fiscal year ending December 31, 2026.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. For the six months ended June 30, 2026, the Company recorded a net loss of $10,737, used cash in operations of $8,014, and as of June 30, 2026, had a stockholders' deficiency of $1,485. As of June 30, 2026, the Company had a cash balance of $2,410, principal amount outstanding on the Senior Secured Loan of $9,250, no remaining availability under the Senior Secured Loan, and a maturity date on the Senior Secured Loan of September 30, 2026 (see Note 6 Senior Secured Loan). In accordance with Accounting Standards Codification ("ASC") 205-40, *Going Concern*, these factors, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern within one year of the date that the financial statements are issued. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Historically, the Company has financed its operations through existing cash balances, cash generated from operations, public and private issuance of common stock, preferred stock, convertible debt instruments, term loans and credit lines from financial institutions.

To alleviate any funding considerations, management periodically evaluates various funding alternatives and may seek to raise additional funds through the issuance of equity, mezzanine or debt securities, through arrangements with strategic partners, strategic transactions, or through obtaining credit from financial institutions. As the Company seeks additional sources of financing, there can be no assurance that such financing will be available to the Company on favorable terms or at all. The Company's ability to obtain additional financing in the debt and equity capital markets is subject to several factors, including market and economic conditions, the Company's performance and investor sentiment with respect to the Company and its industry.

The Company is also continuing to take actions to improve operating performance and cash generated from operations, including product portfolio optimization, implementing strategies to achieve profitable sales growth, streamlining operations, improving supply chains, negotiating equitable vendor contracts, and managing product price architecture. However, the Company may be unsuccessful in executing these actions in a timely manner or at all.

If the Company is unable to raise additional capital whenever necessary or otherwise improve its operating performance or generation of cash from operations, it may be forced to decelerate or curtail certain of its operations until such time as additional capital becomes available.

Recent Trends - Market Conditions

Inflation, actions by the Federal Reserve to address inflation, fluctuations in energy prices, and the potential impacts of tariffs, trade tensions and geopolitical events create uncertainty about the future economic environment which will continue to evolve and may impact the Company's business in future periods. The Company has experienced supply chain challenges, including increased lead times, as well as inflation of raw materials, logistics and labor costs due to availability constraints and high demand. Although the Company regularly monitors vendors in its supply chain, and uses alternative suppliers when necessary and available, supply chain constraints could cause a disruption in the Company's ability to obtain raw materials required to manufacture its products and adversely affect its operations.

Consolidation and Basis of Presentation

The accompanying consolidated financial statements and notes have been prepared in accordance with accounting principles U.S. GAAP. The consolidated financial statements include the accounts of Reed's Inc. and its wholly owned subsidiary Reed's (Asia) Limited (BVI). Reed's (Asia) Limited subsequently formed five additional wholly owned subsidiaries, Reed's (Hong Kong) Limited, Reed's (Japan) Limited, Jiangzhi Beverage (Hainan) Co. Limited, Reed's Beverages (Singapore) PTE Limited, and Shenshen Jiangzi Beverage Co. Limited. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Those estimates and assumptions include estimates for credit loss reserves for accounts receivable, assumptions used in valuing inventories at net realizable value, impairment testing of recorded long-term tangible and intangible assets, the realizability of deferred tax assets and the related valuation allowance, accruals for potential liabilities, assumptions made in valuing stock instruments issued for services, and assumptions used in the determination of the Company's liquidity.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* ("ASC 606"). Revenue and costs of sales are recognized when control of the products transfers to the Company's customer, which generally occurs upon shipment from the Company's facilities. The Company's performance obligations are satisfied at that time. The Company does not have any significant contracts with customers requiring performance beyond delivery, and contracts with customers contain no incentives or discounts that could cause revenue to be allocated or adjusted over time. Shipping and handling activities are performed before the customer obtains control of the goods and therefore represent a fulfillment activity rather than a promised service to the customer. All of the Company's products are offered for sale as finished goods only, and there are no performance obligations required post-shipment for customers to derive the expected value from them.

The Company does not allow for returns, except for damaged products when the damage occurred pre-fulfillment. Damaged product returns have historically been insignificant. Because of this, the stand-alone nature of the Company's products, and the Company's assessment of performance obligations and transaction pricing for its sales contracts, the Company does not currently maintain a contract asset or liability balance for obligations. The Company assesses its contracts and the reasonableness of its conclusions on a quarterly basis.

Loss per Common Share

Basic earnings (loss) per share is computed by dividing the net income (loss) applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method. Potential common shares are excluded from the computation when their effect is antidilutive.

For the six months ended June 30, 2026 and 2025, the calculations of basic and diluted loss per share are the same because potential dilutive securities would have had an antidilutive effect. The potentially dilutive securities consisted of the following:

	June 30, 2026	**June 30, 2025**
Warrants	2,910,991	91,549
Options	24,966	54,034
Common stock equivalent of Series A Convertible Preferred stock	125	125
Total	2,936,082	145,708

Stock Compensation Expense

The Company periodically issues stock options and restricted stock awards to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for such grants issued and vesting based on ASC 718, *Compensation-Stock Compensation* whereby the value of the award is measured on the date of grant and recognized for employees as compensation expense on the straight-line basis over the vesting period. Recognition of compensation expense for non-employees is in the same period and manner as if the Company had paid cash for the services.

The fair value of the Company's stock options is estimated using the Black-Scholes-Merton Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options or restricted stock, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes-Merton Option Pricing model and based on actual experience. The assumptions used in the Black-Scholes-Merton Option Pricing model could materially affect compensation expense recorded in future periods.

Advertising Costs

Advertising costs are expensed as incurred and are included in selling and marketing expense. Advertising costs for the three months ended June 30, 2026, and 2025, aggregated $299 and $14, respectively. Advertising costs for the six months ended June 30, 2026, and 2025, aggregated $610 and $48, respectively.

Concentrations

Net sales. During the three months ended June 30, 2026, three customers accounted for 23%, 18%, and 17% of net billing, respectively, and during the six months ended June 30, 2026, three customers accounted for 20%, 17%, and 16% of net billing, respectively. During the three months ended June 30, 2025, three customers accounted for 26%, 17%, and 11% of net billing, respectively, and during the six months ended June 30, 2025, three customers accounted for 21%, 19%, and 14% of net billing, respectively. No other customers exceeded 10% of sales in either period.

Accounts receivable. As of June 30, 2026, the Company had accounts receivable from three customers which comprised 26%, 21%, and 11% of its net accounts receivable, respectively. As of December 31, 2025, the Company had accounts receivable from three customers which comprised 35%, 24% and 11% of its net accounts receivable, respectively. No other customers exceeded 10% of net accounts receivable in either period.

The Company utilizes co-packers to produce 100% of its products. During the six months ended June 30, 2026 and the year ended December 31, 2025, the Company utilized seven separate co-packers for most of its production and bottling of beverage products in the United States. The Company has established relationships with these co-packers. Although there are other co-packers available to the Company, a change in co-packers may cause a delay in the production process, which could adversely affect operating results.

Purchases from vendors. During the six months ended June 30, 2026, the Company's largest two vendors accounted for approximately 11% and 11% of all purchases. During the six months ended June 30, 2025, the Company's largest vendor accounted for approximately 16% of all purchases. No other vendors exceeded 10% of all purchases in either period.

Accounts payable. As of June 30, 2026, two vendors accounted for 13% and 10% of total accounts payable. As of December 31, 2025, no vendor accounted for more than 10% of total accounts payable. No other vendors exceeded 10% of accounts payable in either period.

Fair Value of Financial Instruments

The Company uses various inputs in determining the fair value of its financial assets and liabilities and measures these assets on a recurring basis. Financial assets recorded at fair value are categorized by the level of subjectivity associated with the inputs used to measure their fair value. Accounting Standards Codification Section 820 defines the following levels of subjectivity associated with the inputs:

Level 1—Quoted prices in active markets for identical assets or liabilities.
Level 2—Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
Level 3—Unobservable inputs in which there is little or no market data for the asset or liability which requires the Company to develop its own assumptions.

The Company believes the carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable, short-term bank loans, accounts payable, notes payable and other payables, approximate their fair values because of the short-term nature of such instruments. The carrying values of capital lease obligations and long-term financing obligations approximate their fair values because interest rates on these obligations are based on prevailing market interest rates.

Foreign Currency

Cash denominated in Japanese Yen (JPY) with an aggregate US Dollar equivalent of $21 and $131 at June 30, 2026 and December 31, 2025, respectively, was held by the Company in accounts at a financial institution in Japan. The Company used the exchange rate in the following table to translate amounts denominated in non-USD currencies as of the periods noted:

	June 30, 2026	December 31, 2025
JPY:USD	162.47	156.81

Recent Accounting Pronouncements

In November 2024, FASB issued ASU 2024-03 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40) Disaggregation of Income Statement Expenses. The guidance in ASU 2024-03 requires public business entities to disclose in the notes to the financial statements, among other things, specific information about certain costs and expenses including purchases of inventory; employee compensation; and depreciation and amortization expense for each caption on the income statement where such expenses are included. The update is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted, and the amendments may be applied prospectively to reporting periods after the effective date or retrospectively to all periods presented in the financial statements. The Company is currently evaluating the provisions of this guidance and assessing the potential impact on its financial statement disclosures.

Other recent accounting pronouncements and guidance issued by the FASB, its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

3. Inventory

Inventory consisted of the following (in thousands):

	June 30, 2026	December 31, 2025
Raw materials	$ 3,456	$ 3,951
Finished products	3,536	4,095
Total	$ 6,992	$ 8,046

As of June 30, 2026 and December 31, 2025, inventory was net of a reserve of $748 and $835, respectively. During the six months ended June 30, 2026, the Company incurred $830 of inventory charges related to changes in product portfolio optimization made by new management. The $830 of inventory charges consisted of $786 related to raw materials and $44 related to finished products. During the six months ended June 30, 2025, the Company incurred $1,661 of inventory charges related to changes in product portfolio optimization.

4. Property and Equipment

Property and equipment comprise the following (in thousands):

	June 30, 2026	December 31, 2025
Right-of-use assets under operating leases	$ 832	$ 832
Leasehold improvements	164	164
Computer hardware and software	595	595
Machinery and equipment	275	275
Vehicles	68	68
Construction in progress	67	82
Total cost	2,001	2,016
Accumulated depreciation and amortization	(864)	(785)
Net book value	$ 1,137	$ 1,231

Depreciation expense for the six months ended June 30, 2026 and 2025 was $55 and $92, respectively, and amortization of right-of-use assets for the six months ended June 30, 2026 and 2025 was $24 and $23, respectively.

5. Intangible Assets

Intangible assets consisted of the following (in thousands):

	June 30, 2026	December 31, 2025
Brand names	$ 576	$ 576
Trademarks	74	74
Total	$ 650	$ 650

6. Senior Secured Loan

The following sets forth amounts in respect of the Company's senior secured loan:

	June 30, 2026	December 31, 2025
Senior secured loan	$ 9,250	$ 9,250
Deferred financing costs	(23)	(68)
Total	$ 9,227	$ 9,182

On November 14, 2024, the Company entered into a Senior Secured Loan and Security Agreement (the "Loan Agreement") with certain funds affiliated with Whitebox Advisors LLC ("Whitebox"), as lenders, and Cantor Fitzgerald Securities, as administrative agent and collateral agent. The Loan Agreement provided a revolving credit commitment in an aggregate amount of $10,000 (the "Senior Secured Loan"). On September 26, 2025, the Company entered into an Amended Loan Agreement. The Amended Loan Agreement (i) reduced the aggregate principal amount of the revolving credit commitment to $9,250 from $10,000, (ii) changed interest payments on the revolving loan to be due monthly in arrears from quarterly in arrears, (iii) and extended the maturity date to September 30, 2026. The Senior Secured Loan accrues interest at a per annum rate equal to 8.00% on the principal amount outstanding, payable monthly in arrears. The Senior Secured Loan also accrues an unused fee at a rate per annum equal to 3.00% on the excess, if any, of the revolving credit commitment over the average principal amount outstanding from time to time during the preceding fiscal quarter, payable monthly in arrears. The Senior Secured Loan is secured by substantially all of the Company's assets, including all intellectual property.

As of June 30, 2026 and December 31, 2025, the principal amount outstanding on the Senior Secured Loan was $9,250 and $9,250, respectively. There was no availability under the Loan Agreement at June 30, 2026.

The Amended Loan Agreement includes customary restrictions that limit the Company's ability to engage in certain types of transactions. Additionally, the agreement contains a financial covenant that requires the Company to meet a certain minimum cash balance and liquidity threshold as of the end of each month. The Company was in compliance with the Amended Loan Agreement as of June 30, 2026 and December 31, 2025.

The Company incurred $410 of direct costs associated with the Senior Secured Loan transaction, consisting primarily of broker, bank and legal fees. These costs have been deferred and are being amortized over the life of the agreement. The unamortized debt discount balance was $68 at December 31, 2025. For the six months ended June 30, 2026 and 2025, the amortization of debt discount was $45 and $199, respectively. The unamortized debt discount balance was $23 at June 30, 2026. Additionally, in connection with the Amended Loan Agreement, the Company incurred $40 of direct costs, which were expensed.

7. Lease Liabilities

During the six months ended June 30, 2026 and 2025, lease costs totaled $24 and $46, respectively.

As of December 31, 2025, operating lease liabilities totaled $843. During the six months ended June 30, 2026, the Company made aggregate payments of $21 towards its operating lease liability. As of June 30, 2026, operating lease liabilities totaled $822, of which $35 was current. The Company's right of use assets are presented as part of property and equipment (see Note 4).

As of June 30, 2026, the weighted average remaining lease terms for an operating lease are 9.42 years. As of June 30, 2026, the weighted average discount rate on the operating lease is 8.0%.

8. Stock-Based Compensation

Restricted Common Stock

On April 16, 2026, the Company entered into a Separation Agreement and Release (the "Separation Agreement") with Cyril A. Wallace, Jr., former Chief Executive Officer. In consideration of Mr. Wallace's execution of a general release of claims in favor of the Company and its affiliates and his compliance with the other terms of the Separation Agreement, the Company agreed to provide Mr. Wallace with certain separation benefits, including a grant to Mr. Wallace of a restricted stock award under the Company's Amended and Restated 2020 Equity Incentive Plan (the "2020 Plan") covering 36,657 shares of the Company's common stock with a fair value of $94, issued on April 28, 2026 and fully vested at the time of issuance.

Stock Options

The following table summarizes stock option activity during the six months ended June 30, 2026:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2025	29,028	$ 137.22	6.08	$ -
Granted	-	-		
Exercised	-	-		
Unvested forfeited	(91)	7.80		
Vested forfeited	(3,971)	327.92		
Outstanding at June 30, 2026	24,966	$ 107.35	6.39	$ -
Exercisable at June 30, 2026	24,571	$ 111.35	6.35	$ -

During the six months ended June 30, 2026 and 2025, the Company recognized $8 and $56 of compensation expense relating to vested stock options, respectively. As of June 30, 2026, the aggregate amount of unvested compensation related to stock options was approximately $2, which will be recognized as an expense as the options vest in future periods through July 30, 2027.

As of June 30, 2026, the outstanding and exercisable options have no aggregate intrinsic value. The aggregate intrinsic value was calculated as the difference between the closing market price as of June 30, 2026, which was $1.27, and the exercise price of the outstanding stock options.

9. Stock Warrants

The Company's warrant activity during the six months ended June 30, 2026 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2025	2,963,215	$ 5.77	4.82	$ -
Granted	-	-	-	
Exercised	-	-	-	
Forfeited	(52,224)	15.51	-	
Outstanding at June 30, 2026	2,910,991	$ 5.60	4.40	$ -
Exercisable at June 30, 2026	2,910,991	$ 5.60	4.40	$ -

As of June 30, 2026, outstanding and exercisable warrants have no aggregate intrinsic value. The aggregate intrinsic value was calculated as the difference between the closing market price as of June 30, 2026, which was $1.27, and the exercise price of the Company's warrants to purchase common stock.

10. Commitments and Contingencies

From time to time, the Company is a party to claims and legal proceedings arising in the ordinary course of business. The Company's management evaluates its exposure to these claims and proceedings individually and in the aggregate and provides for potential losses on such litigation if the amount of the loss is estimable and the loss is probable.

The Company believes that there are no material litigation matters at the current time. Although the results of such litigation matters and claims cannot be predicted with certainty, the Company believes that the final outcome of such claims and proceedings will not have a material adverse impact on the Company's financial position, liquidity, or results of operations.

11. Segment Information

The Company operates and manages its business as one reportable and operating segment as a manufacturer of carbonated beverages under Reed's and Virgil's brand names. The measure of segment assets is reported on the balance sheet as total assets.

The Company's chief operating decision maker ("CODM"), the Company's Chief Executive Officer, reviews financial information presented and decides how to allocate resources based on net income (loss). Net income (loss) is used for evaluating financial performance.

Significant segment expenses include research and development, salaries, insurance, and stock-based compensation. Operating expenses include all the remaining costs necessary to operate the Company's business, which primarily include external professional services and other administrative expenses. The following table presents the significant segment expenses and other segment items regularly reviewed by the Company's CODM.

	Six Months Ended June 30,	
	2026	**2025**
Operating expenses		
Salaries	4,352	2,449
Insurance	218	250
Stock-based compensation	8	57
Selling and marketing	2,226	1,839
Freight and delivery	1,704	2,549
Warehousing	524	649
Other operating expenses	3,733	3,951
Total operating expenses	$ (12,765)	$ (11,744)

	Three Months Ended June 30,	
	2026	**2025**
Operating expenses		
Salaries	2,595	1,393
Insurance	97	122
Stock-based compensation	3	10
Selling and marketing	1,032	838
Freight and delivery	835	1,198
Warehousing	273	372
Other operating expenses	1,018	2,667
Total operating expenses	$ (5,853)	$ (6,600)

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes appearing elsewhere in this report.

In addition to our United States generally accepted accounting principles ("U.S. GAAP") results, the following discussion includes EBITDA as a supplemental measure of our performance. We present 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 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. EBITDA is not a recognized measurement under U.S. GAAP and should not be considered as an alternative to net income, income from operations or any other performance measure derived in accordance with U.S. GAAP, or as an alternative to cash flow from operating activities as a measure of liquidity. We define EBITDA as net income (loss), plus interest expense, tax expense, and depreciation and amortization.

The following discussion also includes the use of gross billing, a key performance indicator and metric. Gross billing represents invoiced amounts to distributors and retailers, excluding sales adjustments. Gross billing may include deductions from MSRP or "list price," where applicable, and excludes promotional costs of generating such sales. Management utilizes gross billing to monitor operating performance of products and salespersons, which performance can be masked by the effect of promotional or other allowances. Management believes that the presentation of gross billing provides a useful measure of Reed's operating performance.

Amounts presented in the discussion below are in thousands, except share and per share amounts.

Results of Operations

Overview

During the six months ended June 30, 2026, the Company continued its focus on achieving profitable sales growth, improving gross margin, reducing freight costs, and optimizing selling, general and administrative expenses. The sales growth initiatives include channel expansion, in-store product placements, new product innovation, and improved sales execution. The gross margin enhancement initiatives include product portfolio optimization, equitable supplier negotiations, streamlining co-packer processes, and efficient inventory management. Underpinning these initiatives is a focus on optimizing delivery and handling and selling, general and administrative expenses.

During the year ended December 31, 2025, the Company began an expansion into new geographic markets in the Asia Pacific region. The Company formed a wholly owned subsidiary Reed's (Asia) Limited (BVI). Reed's (Asia) Limited subsequently formed five additional wholly owned subsidiaries, Reed's (Hong Kong) Limited, Reed's (Japan) Limited, Jiangzhi Beverage (Hainan) Co. Limited, Reed's Beverages (Singapore) PTE Limited, and Shenshen Jiangzi Beverage Co. Limited. These subsidiaries are an early part of the Company's strategic expansion in the Asia Pacific region. The Company expects continued investment in its Asia Pacific growth initiative. Reed's (Asia) Limited did not generate material sales in the period ended June 30, 2026 or 2025.

Recent Trends – Market Conditions

Although the U.S. economy continues to grow, inflation, actions by the Federal Reserve to address inflation, fluctuations in energy prices, and the potential impacts of tariffs, trade tensions and geopolitical events create uncertainty about the future economic environment which will continue to evolve and may impact our business in future periods. We have experienced supply chain challenges, including increased lead times, as well as inflation of raw materials, logistics and labor costs due to availability constraints and high demand. Although we regularly monitor vendors in our supply chain, and use alternative suppliers when necessary and available, supply chain constraints could cause a disruption in our ability to obtain raw materials required to manufacture our products and adversely affect our operations.

During the six months ended June 30, 2026, the average cost of shipping and handling was $2.56 per case, as compared to $3.06 per case for the six months ended June 30, 2025. The Company has experienced increases in freight costs and there remains a volatile pricing environment, including due to the armed conflict in Iran. The Company will continue to monitor pricing and availability in transportation and has implemented plans designed to manage this risk. In the past, the Company has been negatively impacted by supply chain challenges affecting our ability to benefit from strong demand for, and increased sales of our product. Any disruption caused by labor shortages, significant raw material cost inflation, logistics issues, increased freight costs, or port congestion, may adversely impact margins in the future.

Through June 30, 2026, we continued to finance our operations through existing cash balances, cash generated from operations, public and private issuance of common stock, and credit lines from financial institutions. As we seek additional financing, there can be no assurance that such financing will be available to us on favorable terms or at all. Our ability to obtain additional financing in the debt and equity capital markets is subject to several factors, including market and economic conditions, our operating performance and investor sentiment with respect to us and our industry.

Results of Operations – Three Months Ended June 30, 2026, as compared to June 30, 2025

The following table sets forth key statistics for the three months ended June 30, 2026 and 2025, respectively, in thousands.

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Pct. Change
Gross billing (A)	$ 8,771	$ 11,569	-24%
Less: Promotional and other allowances (B)	1,283	2,046	-37%
Net sales	$ 7,488	$ 9,523	-21%
Cost of goods sold	5,699	8,716	-35%
% of Gross billing	*65%*	*75%*	
% of Net sales	*76%*	*92%*	
Gross profit	$ 1,789	$ 807	122%
% of Net sales	*24%*	*8%*	
Expenses			
Delivery and handling	$ 1,107	$ 1,572	-30%
% of Net sales	*15%*	*17%*	
Dollar per case ($)	*$ 2.54*	*$ 2.95*	
Selling and marketing	1,709	1,271	34%
% of Net sales	*23%*	*13%*	
General and administrative	3,037	3,757	-19%
% of Net sales	*41%*	*39%*	
Total operating expenses	5,853	6,600	-11%
Loss from operations	$ (4,064)	$ (5,793)	-30%
Interest expense and other expense	$ (209)	$ (255)	-18%
Net loss	$ (4,273)	$ (6,048)	-29%
Loss per share – basic and diluted	$ (0.36)	$ (0.78)	-54%
Weighted average shares outstanding - basic & diluted	11,846,210	7,727,840	53%

(A) We define gross billing as the total sales for the Company unadjusted for costs related to generating those sales. Management utilizes gross billing as an indicator of and to monitor operating performance of products and salespersons before the effect of any promotional or other allowances, which are determined in accordance with U.S. GAAP, and can mask certain performance issues. We believe that the presentation of gross billing provides a useful measure of our operating performance. Additionally, gross billing may not be comparable to similarly titled measures used by other companies, as gross billing has been defined by our internal reporting practices.

(B) We define promotional and other allowances as costs deducted from gross billing that are associated with generating those sales. Management utilizes promotional and other allowances as an indicator of and to monitor operating performance of products, salespersons, and customer agreements. We believe that the presentation of promotional and other allowances provides a useful measure of our operating performance. The presentation of promotional and other allowances facilitates an evaluation of their impact on the determination of net sales and the spending levels incurred or correlated with such sales. The expenditures described in this line item are determined in accordance with U.S. GAAP and meet U.S. GAAP requirements, however the disclosure thereof does not conform to U.S. GAAP presentation requirements. Additionally, our definition of promotional and other allowances may not be comparable to similar items presented by other companies. Promotional and other allowances primarily include consideration given to the Company's distributors or retail customers including, but not limited to the following: (i) reimbursements given to the Company's distributors for agreed portions of their promotional spend with retailers, including slotting, shelf space allowances and other fees for both new and existing products; (ii) the Company's agreed share of fees given to distributors and/or directly to retailers for in-store marketing and promotional activities; (iii) the Company's agreed share of slotting, shelf space allowances and other fees given directly to retailers; (iv) incentives given to the Company's distributors and/or retailers for achieving or exceeding certain predetermined sales goals; and (v) discounted or free products. Promotional and other allowances constitute a material portion of our marketing activities. The Company's promotional allowance programs with its numerous distributors and/or retailers are executed through separate agreements in the ordinary course of business. These agreements generally provide for one or more of the arrangements described above and are of varying durations, ranging from one week to one year.

Sales, Cost of Sales, and Gross Margins

The following chart sets forth key statistics for the transition of the Company's top line activity from the second quarter of 2025 through the second quarter of 2026.

		2026					**2025**			**Q2 Per Case**			**H1 Per Case**		
		Q1	**Q2**	**H1**	**Q2 vs PY**	**H1 vs PY**	**Q1**	**Q2**	**H1**	**2026**	**2025**	vs **PY**	**2026**	**2025**	vs **PY**
Cases:															
	Reed's	320	299	619	-15%	-10%	334	350	684						
	Virgil's	115	137	252	-25%	-30%	179	182	361						
	Total	**435**	**436**	**871**	**-18%**	**-17%**	**513**	**532**	**1,045**						
Gross Billing:		**$ 8,513**	**$ 8,771**	**$ 17,284**	**-24%**	**-23%**	**$11,013**	**$11,569**	**$ 22,582**	**$ 20.12**	**$ 21.75**	**-7%**	**19.84**	**21.61**	**-8%**
Discounts:		**$(1,371)**	**$(1,283)**	**$ (2,654)**	**-37%**	**-12%**	**$ (984)**	**$(2,046)**	**$ (3,030)**	**$ (2.94)**	**$ (3.85)**	**-24%**	**$ (3.05)**	**$ (2.90)**	**5%**
COGS:		**$(6,445)**	**$(5,699)**	**$(12,144)**	**-35%**	**-21%**	**$(6,627)**	**$(8,716)**	**$(15,343)**	**$(13.07)**	**$(16.38)**	**-20%**	**$(13.94)**	**$(14.68)**	**-5%**
Gross Margin:		**$ 697**	**$ 1,789**	**$ 2,486**	**122%**	**-41%**	**$ 3,402**	**$ 807**	**$ 4,209**	**$ 4.10**	**$ 1.52**	**-170%**	**$ 2.85**	**$ 4.03**	**-29%**
as % Net Sales		10%	24%	17%			34%	8%	22%						

Sales, Cost of Sales, and Gross Margins

Gross billing decreased by 24% to $8,771 during the three months ended June 30, 2026, compared to $11,569 during the prior year, primarily driven by Reed's volume decline of 15%, and Virgil's volume decline of 25%. Prices on our brands decreased 7% to $20.12 per case, primarily driven by liquidation of select slow-moving product.

Discounts as a percentage of gross sales were 15% during the three months ended June 30, 2026, compared to 18% in the prior year. Net sales decreased 21% during the three months ended June 30, 2026, to $7,488, compared to $9,523 in the prior year, primarily driven by lower volumes with recurring national customers and higher promotional and other allowances.

Cost of Goods Sold

Cost of goods sold decreased $3,017 during the three months ended June 30, 2026, as compared to the prior year. As a percentage of net sales, cost of goods sold for the three months ended June 30, 2026, was 76% as compared to 92% for the prior year. The decrease in cost of goods sold was primarily driven by the net sales decrease discussed above and lower inventory write-offs. Inventory write-offs were $92 during the three months ended June 30, 2026 and $1,606 in the prior year period.

The total cost of goods per case decreased to $13.07 per case in the three months ended June 30, 2026, from $16.38 per case for the prior year.

Gross Margin

Gross margin was 24% for the three months ended June 30, 2026, compared to 8% for the prior year.

Operating Expenses

Delivery and Handling Expenses

Delivery and handling expenses consist of delivery costs to customers and warehousing costs incurred for handling our finished goods after production. Delivery and handling expenses decreased by $465 in the three months ended June 30, 2026, to $1,107 from $1,572 in the prior year, primarily driven by continued improvements in logistics efficiency and freight optimization. Delivery costs in the three months ended June 30, 2026, were 15% of net sales and $2.54 per case, compared to 17% of net sales and $2.95 per case during the prior year.

Selling and Marketing Expenses

Marketing expenses consist of direct marketing, marketing labor, and marketing support costs. Selling expenses consist of all other selling-related expenses including personnel and contractor support. Total selling and marketing expenses were $1,709 during the three months ended June 30, 2026, compared to $1,271 during the prior year. The increase was primarily driven by higher sales broker and marketing expenses. As a percentage of net sales, selling and marketing expenses were 23% of net sales during the three months ended June 30, 2026, as compared to 13% of net sales during the prior year.

General and Administrative Expenses

General and administrative expenses consist primarily of the cost of executive, administrative, and finance personnel, as well as professional fees. General and administrative expenses were $3,037 during the three months ended June 30, 2026, a decrease of $720 over the prior year. The decrease was primarily driven by lower legal settlements and continuing efforts to optimize general and administrative expenses, offset by investments in personnel and related services to support our Asia growth initiative. As a percentage of net sales, general and administrative expenses were 41% during the three months ended June 30, 2026, as compared to 39% during the prior year.

Loss from Operations

The loss from operations was $4,064 for the three months ended June 30, 2026, as compared to a loss of $5,793 in the prior year, primarily driven by higher gross profit and lower operating expenses discussed above.

Interest and Other Expense

Interest and other expense for the three months ended June 30, 2026, consisted of $204 of interest expense and $5 of other expense. During the prior year, interest and other expense consisted of $301 of interest expense, offset by $46 of other income.

EBITDA

In addition to our U.S. GAAP results, we present EBITDA as a supplemental measure of our performance. However, EBITDA is not a recognized measurement under U.S. GAAP and should not be considered as an alternative to net income, income from operations or any other performance measure derived in accordance with U.S. GAAP, or as an alternative to cash flow from operating activities as a measure of liquidity. We define EBITDA as net income (loss), plus interest expense, tax expense, and depreciation and amortization.

Management considers 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 U.S. GAAP are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating EBITDA, you 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 EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Set forth below is a reconciliation of net loss to EBITDA for the three months ended June 30, 2026 and 2025:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
Net loss	$ (4,273)	$ (6,048)
EBITDA adjustments:		
Interest expense	204	301
Tax expense	61	28
Depreciation and amortization	37	39
Total EBITDA adjustments	$ 302	$ 368
EBITDA	$ (3,971)	$ (5,680)

We present 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 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. EBITDA has limitations as an analytical tool, which includes, among others, the following:

- EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA does not reflect future interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements.

Results of Operations – Six Months Ended June 30, 2026, as compared to Six Months Ended June 30, 2025

The following table sets forth key statistics for the six months ended June 30, 2026 and 2025, respectively, in thousands.

	Six Months Ended June 30,		Pct.
	2026	2025	Change
Gross billing (A)	$ 17,284	$ 22,582	-23%
Less: Promotional and other allowances (B)	2,654	3,030	-12%
Net sales	$ 14,630	$ 19,552	-25%
Cost of goods sold	12,144	15,343	-21%
% of Gross billing	*70%*	*68%*	
% of Net sales	*83%*	*78%*	
Gross profit	$ 2,486	$ 4,209	-41%
% of Net sales	*17%*	*22%*	
Expenses			
Delivery and handling	$ 2,227	$ 3,199	-30%
% of Net sales	*15%*	*16%*	
Dollar per case ($)	*2.56*	*3.06*	
Selling and marketing	3,456	2,773	25%
% of Net sales	*24%*	*14%*	
General and administrative	7,082	5,772	23%
% of Net sales	*48%*	*30%*	
Total operating expenses	12,765	11,744	9%
Loss from operations	$ (10,279)	$ (7,535)	36%
Interest expense and other income (expense)	(458)	(544)	-16%
Net loss	$ (10,737)	$ (8,079)	33%
Loss per share – basic and diluted	$ (0.91)	$ (1.06)	-14%
Weighted average shares outstanding - basic & diluted	11,833,391	7,645,316	55%

(A) We define gross billing as the total sales for the Company unadjusted for costs related to generating those sales. Management utilizes gross billing as an indicator of and to monitor operating performance of products and salespersons before the effect of any promotional or other allowances, which are determined in accordance with GAAP, and can mask certain performance issues. We believe that the presentation of gross billing provides a useful measure of our operating performance. Additionally, gross billing may not be comparable to similarly titled measures used by other companies, as gross billing has been defined by our internal reporting practices.

(B) We define promotional and other allowances as costs deducted from gross billing that are associated with generating those sales. Management utilizes promotional and other allowances as an indicator of and to monitor operating performance of products, salespersons, and customer agreements. We believe that the presentation of promotional and other allowances provides a useful measure of our operating performance. The presentation of promotional and other allowances facilitates an evaluation of their impact on the determination of net sales and the spending levels incurred or correlated with such sales. The expenditures described in this line item are determined in accordance with GAAP and meet GAAP requirements, the disclosure thereof does not conform to GAAP presentation requirements. Additionally, our definition of promotional and other allowances may not be comparable to similar items presented by other companies. Promotional and other allowances primarily include consideration given to the Company's distributors or retail customers including, but not limited to the following: (i) reimbursements given to the Company's distributors for agreed portions of their promotional spend with retailers, including slotting, shelf space allowances and other fees for both new and existing products; (ii) the Company's agreed share of fees given to distributors and/or directly to retailers for in-store marketing and promotional activities; (iii) the Company's agreed share of slotting, shelf space allowances and other fees given directly to retailers; (iv) incentives given to the Company's distributors and/or retailers for achieving or exceeding certain predetermined sales goals; and (v) discounted or free products. Promotional and other allowances constitute a material portion of our marketing activities. The Company's promotional allowance programs with its numerous distributors and/or retailers are executed through separate agreements in the ordinary course of business. These agreements generally provide for one or more of the arrangements described above and are of varying durations, ranging from one week to one year.

Sales, Cost of Sales, and Gross Margins

Gross billing decreased by 23% to $17,284 during the six months ended June 30, 2026, compared to $22,582 during the prior year, primarily driven by Reed's volume decline of 10%, and Virgil's volume decline of 30%. Prices on our brands decreased 8% to $19.84 per case, primarily driven by liquidation of select slow-moving product.

Discounts as a percentage of gross sales were 15% during the six months ended June 30, 2026, compared to 13% in the prior year. Net sales decreased 25% during the six months ended June 30, 2026, to $14,630, compared to $19,552 in the prior year, primarily driven by lower volumes with recurring national customers and higher promotional and other allowances.

Cost of Goods Sold

Cost of goods sold decreased $3,199 during the six months ended June 30, 2026, as compared to the prior year. As a percentage of net sales, cost of goods sold for the six months ended June 30, 2026, was 83% as compared to 78% for the prior year. The decrease in cost of goods sold was primarily driven by the net sales decrease discussed above and lower inventory write-offs. Inventory write-offs were $830 during the six months ended June 30, 2026 and $1,661 in the prior year period.

The total cost of goods per case decreased to $13.94 per case in the six months ended June 30, 2026, from $14.68 per case for the prior year.

Gross Margin

Gross margin was 17% for the six months ended June 30, 2026, compared to 22% for the prior year.

Operating Expenses

Delivery and Handling Expenses

Delivery and handling expenses consist of delivery costs to customers and warehousing costs incurred for handling our finished goods after production. Delivery and handling expenses decreased by $972 in the six months ended June 30, 2026, to $2,227 from $3,199 in the prior year, primarily driven by continued improvements in logistics efficiency and freight optimization. Delivery costs in the six months ended June 30, 2026, were 15% of net sales and $2.56 per case, compared to 16% of net sales and $3.06 per case during the prior year.

Selling and Marketing Expenses

Marketing expenses consist of direct marketing, marketing labor, and marketing support costs. Selling expenses consist of all other selling-related expenses including personnel and contractor support. Total selling and marketing expenses were $3,456 during the six months ended June 30, 2026, compared to $2,773 during the prior year. The increase was primarily driven by higher sales broker and marketing expenses. As a percentage of net sales, selling and marketing expenses were 24% of net sales during the six months ended June 30, 2026, as compared to 14% of net sales during the prior year.

General and Administrative Expenses

General and administrative expenses consist primarily of the cost of executive, administrative, and finance personnel, as well as professional fees. General and administrative expenses were $7,082 during the six months ended June 30, 2026, an increase of $1,310 over the prior year. The increase was primarily driven by investments in personnel and related services to support our Asia growth initiative, offset by lower legal settlements and continuing efforts to optimize general and administrative expenses.

As a percentage of net sales, general and administrative expenses were 48% during the six months ended June 30, 2026, as compared to 30% during the prior year.

Loss from Operations

The loss from operations was $10,279 for the six months ended June 30, 2026, as compared to a loss of $7,535 in the prior year, primarily driven by lower gross profit and higher operating expenses discussed above.

Interest and Other Expense

Interest and other expense for the six months ended June 30, 2026, consisted of $408 of interest expense and $50 of other expense. During the prior year, interest and other expense consisted of $590 of interest expense, offset by $46 of other income.

EBITDA

In addition to our U.S. GAAP results, we present EBITDA as a supplemental measure of our performance. However, EBITDA is not a recognized measurement under U.S. GAAP and should not be considered as an alternative to net income, income from operations or any other performance measure derived in accordance with U.S. GAAP, or as an alternative to cash flow from operating activities as a measure of liquidity. We define EBITDA as net income (loss), plus interest expense, tax expense, and depreciation and amortization.

Management considers 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 U.S. GAAP are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating EBITDA, you 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 EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Set forth below is a reconciliation of net loss to EBITDA for the six months ended June 30, 2026 and 2025:

	Six Months Ended June 30,	
	2026	**2025**
Net loss	$ (10,737)	$ (8,079)
EBITDA adjustments:		
Interest expense	408	590
Tax expense	110	48
Depreciation and amortization	79	92
Total EBITDA adjustments	$ 597	$ 730
EBITDA	$ (10,140)	$ (7,349)

We present 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 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. EBITDA has limitations as an analytical tool, which includes, among others, the following:

- EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA does not reflect future interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements.

Liquidity and Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. For the six months ended June 30, 2026, the Company recorded a net loss of $10,737, used cash in operations of $8,014, and as of June 30, 2026, had a stockholders' deficiency of $1,485. As of June 30, 2026, the Company had a cash balance of $2,410, principal amount outstanding on the Senior Secured Loan of $9,250, no remaining availability under the Senior Secured Loan, and a maturity date on the Senior Secured Loan of September 30, 2026 (see Note 6 Senior Secured Loan). In accordance with Accounting Standards Codification ("ASC") 205-40, *Going Concern*, these factors, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern within one year of the date that the financial statements are issued. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Historically, we have financed our operations through existing cash balances, cash generated from operations, public and private issuance of common stock, preferred stock, convertible debt instruments, term loans and credit lines from financial institutions.

In September 2025, we entered into a loan agreement with certain funds affiliated with Whitebox Advisors LLC, as lenders, and Cantor Fitzgerald Securities, as administrative agent and collateral agent. The loan agreement provides for a senior secured loan with a maturity date of September 30, 2026 and is further discussed in Note 6 to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

To alleviate any funding considerations, management periodically evaluates various funding alternatives and may seek to raise additional funds through the issuance of equity, mezzanine or debt securities, through arrangements with strategic partners, strategic transactions, or through obtaining credit from financial institutions. As we seek additional sources of financing, there can be no assurance that such financing will be available to us on favorable terms or at all. Our ability to obtain additional financing in the debt and equity capital markets is subject to several factors, including market and economic conditions, our performance and investor sentiment with respect to us and our industry.

We are also continuing to take actions to improve the Company's operating performance and cash generated from operations, including product portfolio optimization, implementing strategies to achieve profitable sales growth, streamlining operations, improving supply chains, negotiating equitable vendor contracts, and managing product price architecture. However, we may be unsuccessful in executing these actions in a timely manner or at all.

If the Company is unable to raise additional capital whenever necessary or otherwise improve its operating performance or generation of cash from operations, it may be forced to decelerate or curtail certain of its operations until such time as additional capital becomes available.

Cash Flows

Net cash used in operating activities totaled $8,014 for the six months ended June 30, 2026, compared to $10,410 for the six months ended June 30, 2025. The decrease in net cash used in operating activities was primarily driven by operating losses, working capital, and investment in strategic growth initiatives.

Net cash used in investing activities totaled $0 for the six months ended June 30, 2026, compared to $101 for the six months ended June 30, 2025. The decrease in net cash used in investing activities was primarily driven by no purchases of property and equipment.

Net cash provided by financing activities totaled $0 for the six months ended June 30, 2026, compared to $2,797 for the six months ended June 30, 2025. The decrease in net cash used in financing activities was primarily driven by no proceeds from the sale of common shares.

Critical Accounting Policies and Estimates

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates. Significant estimates include those related to assumptions used in estimates for reserves of uncollectible accounts, inventory obsolescence, depreciable lives of property and equipment, analysis of impairments of recorded long-term tangible and intangible assets, realization of deferred tax assets, accruals for potential liabilities and assumptions made in valuing stock instruments issued for services. There were no changes to our critical accounting policies described in the consolidated financial statements included in our 2025 Form 10-K that impacted our condensed financial statements and related notes included herein.

Recent Accounting Pronouncements

See Note 2 of the Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation 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"). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2026, to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three months ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are party to ordinary, routine litigation incidental to our business, including routine litigation matters tendered to our insurance carriers. Our management evaluates our exposure to these claims and proceedings individually and in the aggregate and provides for potential losses on such litigation if the amount of the loss is estimable and the loss is probable. Although the results of such routine litigation matters and claims cannot be predicted with certainty, we believe that the final outcome of such routine litigation and claims will not have a material adverse impact on our financial position, liquidity, or results of operations.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes with respect to the risk factors disclosed in our 2025 Form 10-K.

Our current indebtedness contains, and any future indebtedness may contain, restrictions on our business. We have historically had negative cash flow from operating activities, and continued losses could have a material negative effect on our business and prospects and impact our ability to continue as a going concern. If we are unable to secure additional financing on favorable terms, or at all, when we require it, our ability to continue to grow our business or react to market conditions could be impaired and in turn adversely affect our financial position and results of operations.

As of June 30, 2026, we had an accumulated deficit of $178.5 million and a cash balance of $2.4 million. For the six months ended June 30, 2026, we recorded a net loss of $10.7 million, used cash in operations of $8.0 million, and as of June 30, 2026, had a stockholders' deficiency of $1.5 million. In addition, as of June 30, 2026, the principal amount outstanding on our Senior Secured Loan with the Lenders, as defined and described below, was approximately $9.3 million, with no remaining availability under such Senior Secured Loan, and a maturity date on the Senior Secured Loan of September 30, 2026. Our cash flow and net losses for the six months ended June 30, 2026 are indicators that raise substantial doubt about our ability to continue as a going concern for at least one year from the date of this Quarterly Report. If we become unable to continue as a going concern, we may have to curtail or suspend our operations and/or dispose of assets and might realize significantly less than the values at which they are carried on its consolidated financial statements. These actions may cause our stockholders to lose all or part of their investment in the Company's common stock.

We intend to continue to expand, grow and develop our business, which may require additional capital to develop new products, enhance our platform, expand distribution, improve our operating infrastructure, react to market conditions and finance working capital requirements. Accordingly, we may need to engage in additional equity or debt financings to secure additional capital. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock.

On September 26, 2025, we entered into the first amendment (the "Amendment") to our Senior Secured Loan and Security Agreement (as amended, the "Loan Agreement") with certain funds affiliated with Whitebox Advisors, LLC (the "Lenders") and Cantor Fitzgerald Securities, as administrative agent and collateral agent, with respect to our revolving credit facility (the "Senior Secured Facility"). The Amendment provides a revolving credit commitment in an aggregate amount of $9.25 million and, as of December 31, 2025, the principal amount outstanding was $9.25 million. The Senior Secured Facility is secured by substantially all of our assets, including all intellectual property. Our current and future indebtedness, including the revolving credit commitment under the Senior Secured Facility, may have significant negative effects on our operations, including:

- impairing our ability to obtain additional financing in the future (or to obtain such financing on acceptable terms) for working capital, capital expenditures, acquisitions or other important needs, and subjecting us to other restrictive covenants that may reduce our ability to take certain corporate actions;

- requiring us to dedicate a portion of our cash resources to the payment of interest and principal, reducing money available to fund working capital, capital expenditures, potential acquisitions, international expansion, new product development, new enterprise relationships and other general corporate purposes;

- requiring us to repay the principal and accrued interest on the revolving credit commitment under the Senior Secured Facility in an event of default under the covenants thereof, which could impair our liquidity and reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other important needs;

- limiting our ability to adjust to rapidly changing conditions in the industry, reducing our ability to withstand competitive pressures and making us more vulnerable to a downturn in general economic conditions or business than our competitors with relatively lower levels of debt; and

- requiring us, in certain circumstances, to obtain approval from Whitebox Advisors, LLC and/or the lenders party to the Senior Secured Facility before embarking on certain mergers, acquisitions, capital expenditures, or other operational actions.

We intend to satisfy our current and future debt service obligations with our then existing cash and cash equivalents. However, we may not have sufficient funds, and may be unable to arrange for additional financing, to pay the amounts due under the Senior Secured Facility or any other debt instruments. In addition, the Senior Secured Facility contains, and the agreements governing our future indebtedness may contain, restrictive covenants that may limit our ability to engage in activities that may be in our long-term best interest. These restrictive covenants include, among others, limitations on indebtedness, liens, mergers, consolidations, liquidations and dissolutions, sales of assets, investments (including acquisitions), dividends and other restricted payments and transactions with affiliates. Our failure to make payments under or comply with other covenants contained in the documents governing our indebtedness could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our debt and potentially the foreclosure on our assets in the event we are unable to repay all amounts owed.

If we are unable to secure additional funding on favorable terms, or at all, when we require it, our ability to continue to grow our business to react to market conditions could be impaired, which would adversely affect our financial position and results of operations.

We have failed, and may in the future fail, to meet the continued listing requirements of NYSE American, which could result in a de-listing of our common stock.

We may fail to satisfy the continued listing requirements of NYSE American LLC (“NYSE American”), such as the corporate governance requirements or the minimum stock price and stockholders’ equity requirements, and NYSE American may take steps to de-list our common stock. For example, numerous factors, such as negative financial or operational results, could adversely affect the market price of our common stock and our stockholders’ equity, and jeopardize our ability to meet or maintain NYSE American’s continued listing requirements, resulting in de-listing. On May 29, 2026, we received a notice (the “Notice”) from NYSE American stating that we are not in compliance with the continued listing standards set forth in Section 1003(a)(ii) of the NYSE American Company Guide (the “Company Guide”), which requires a company to have stockholders’ equity of at least $4.0 million if it has reported losses from continuing operations and/or net losses in three of its four most recent fiscal years, and Section 1003(a)(iii) of the Company Guide, which requires a company to have stockholders’ equity of at least $6.0 million if it has reported losses from continuing operations and/or net losses in its five most recent fiscal years. The Notice also indicated that we are not currently eligible for any exemption under Section 1003(a) of the Company Guide, including the exemption available to companies with a total market capitalization exceeding $50 million, among other requirements. A de-listing or the announcement of a potential de-listing will have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so.

In connection with this non-compliance, we submitted a plan (the “Plan”) to NYSE American on June 26, 2026 describing the actions we have taken or will take to regain compliance with the continued listing standards by November 29, 2027. If NYSE American accepts the Plan, we will be subject to periodic reviews, including quarterly monitoring, to assess our compliance with it. If NYSE American does not accept it, if we fail to regain compliance with the continued listing standards by November 29, 2027, or if we fail to make progress consistent with the Plan, NYSE American will initiate delisting proceedings as appropriate, subject to our right to appeal any staff delisting determination in accordance with Section 1010 and Part 12 of the Company Guide.

The Notice has no immediate effect on the listing of our common stock, which continues to be listed and traded on NYSE American under the symbol "REED," subject to our compliance with NYSE American's other continued listing requirements, although our common stock now carries an added designation of ".BC" to indicate that its status is "below compliance."

We are committed to regaining compliance with NYSE American's continued listing standards. However, there can be no assurance that NYSE American will accept the Plan or that we will regain or maintain compliance with NYSE American's continued listing requirements within the required timeframe or at all.

In the event of a de-listing, we may attempt to take actions to restore our compliance with the NYSE American listing requirements, but we can provide no assurance that any such action would allow our common stock to become re-listed, stabilize the market price or improve the liquidity of our common stock, or prevent future non-compliance with the NYSE American listing requirements. If our common stock is delisted from NYSE American, we and our stockholders could face significant material adverse consequences, including limited availability of market quotations for our common stock, reduced liquidity, a determination that our common stock is a "penny stock" subject to additional regulatory burdens, limited news and analyst coverage, and a decreased ability to issue additional securities or obtain additional financing in the future.

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

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended June 30, 2026, none of our directors or executive officers adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as such terms are defined under Item 408 of Regulation S-K.

Item 6. Exhibits

See Index to Exhibits.

INDEX TO EXHIBITS

ITEM 15(a)(3)

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q, or are incorporated herein by reference, in each case as indicated below:

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Certificate of Incorporation of Reed's, Inc., as amended through February 5, 2025	10-K	001-32501	3(i)	3/28/2025	
3.2	Certificate of Amendment of the Certificate of Incorporation of Reed's, Inc., effective October 31, 2025	8-K	001-32501	3.1	10/31/2025	
3.3	Second Amended and Restated Bylaws of Reed's Inc.	8-K	001-32501	3.1	12/8/2025	
10.1+	Reed's, Inc. 2026 Equity Incentive Plan.	8-K	001-32501	10.1	6/11/2026	
10.2+	Forms of Grant Notice, Stock Option Agreement and Notice of Exercise under the Reed's, Inc. 2026 Equity Incentive Plan.					X
10.3+	Forms of Restricted Stock Unit Grant Notice and Award Agreement under the Reed's, Inc. 2026 Equity Incentive Plan.					X
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
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.					X
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Document.					X
104	Cover Page formatted as inline XBRL and contained in Exhibit 101.					X

\# Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

\+ Indicates management contract or compensatory plan.

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.

	Reed's, Inc. (Registrant)
Date: August 12, 2026	*/s/ Neal M. Cohane*
	Neal M. Cohane Interim Chief Executive Officer (Principal Executive Officer)
Date: August 12, 2026	*/s/ Douglas W. McCurdy*
	Douglas W. McCurdy Chief Financial Officer (Principal Financial Officer)

REED'S, INC.
STOCK OPTION GRANT NOTICE
(2026 EQUITY INCENTIVE PLAN)

Reed's, Inc. (the "***Company***"), pursuant to its 2026 Equity Incentive Plan (the "***Plan***"), has granted to you ("***Optionholder***") an option to purchase the number of shares of the Common Stock set forth below (the "***Option***"). Your Option is subject to all of the terms and conditions as set forth herein and in the Plan, and the Stock Option Agreement and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Stock Option Agreement shall have the meanings set forth in the Plan or the Stock Option Agreement, as applicable.

Optionholder:	______________________
Date of Grant:	______________________
Vesting Commencement Date:	______________________
Number of Shares of Common Stock Subject to Option:	______________________
Exercise Price (Per Share):	______________________
Total Exercise Price:	______________________
Expiration Date:	______________________

Type of Grant: [Incentive Stock Option] <u>OR</u> [Nonstatutory Stock Option]

Exercise and Vesting Schedule: Subject to the Optionholder's Continuous Service through each applicable vesting date, the Option will vest as follows:

[____]

Optionholder Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The Option is governed by this Stock Option Grant Notice (this "***Grant Notice***"), and the provisions of the Plan and the Stock Option Agreement and the Notice of Exercise, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Stock Option Agreement (together, the "***Option Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.

- [If the Option is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options granted to you) cannot be first *exercisable* for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option.]

- You consent to receive this Grant Notice, the Stock Option Agreement, the Plan, the Prospectus and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

- You have read and are familiar with the provisions of the Plan, the Stock Option Agreement, the Notice of Exercise and the Prospectus. In the event of any conflict between the provisions in this Grant Notice, the Option Agreement, the Notice of Exercise, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.

- The Option Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of other equity awards previously granted to you and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this Option.

- Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Reed's, Inc.		**Optionholder:**	
By:	______________________ Signature		______________________ Signature
Title:	______________________	Date:	______________________
Date:	______________________		

Attachments: Stock Option Agreement, 2026 Equity Incentive Plan, Notice of Exercise, Prospectus

Attachment I

Reed's, Inc.
Stock Option Agreement
(2026 Equity Incentive Plan)

As reflected by your Stock Option Grant Notice ("***Grant Notice***"), Reed's, Inc. (the "***Company***") has granted you an option under its 2026 Equity Incentive Plan (the "***Plan***") to purchase a number of shares of Common Stock at the exercise price indicated in your Grant Notice (the "***Option***"). Capitalized terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the meanings set forth in the Grant Notice or Plan, as applicable. The terms of your Option as specified in the Grant Notice and this Stock Option Agreement constitute your Option Agreement.

The general terms and conditions applicable to your Option are as follows:

1. Governing Plan Document. Your Option is subject to all the provisions of the Plan, including but not limited to the provisions in:

(a) Section 6 regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Corporate Transaction on your Option;

(b) Section 9(e) regarding the Company's retained rights to terminate your Continuous Service notwithstanding the grant of the Option; and

(c) Section 8 regarding certain tax consequences of your Option.

Your Option is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the Option Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. Vesting. Your Option will vest as provided in your Grant Notice, subject to the provisions contained herein and the terms of the Plan. Vesting will cease upon the termination of your Continuous Service.

3. Exercise.

(a) You may generally exercise the vested portion of your Option for whole shares of Common Stock at any time during its term by delivery of payment of the exercise price and applicable withholding taxes and other required documentation to the Plan Administrator in accordance with the exercise procedures established by the Plan Administrator, which may include an electronic submission. Please review Sections 4(i), 4(j) and 7(b)(v) of the Plan, which may restrict or prohibit your ability to exercise your Option during certain periods.

(b) To the extent permitted by Applicable Law, you may pay your Option exercise price as follows:

(i) cash, check, bank draft or money order;

(ii) subject to Company and/or Committee consent at the time of exercise, pursuant to a "cashless exercise" program as further described in Section 4(c)(ii) of the Plan if at the time of exercise the Common Stock is publicly traded;

(iii) subject to Company and/or Committee consent at the time of exercise, by delivery of previously owned shares of Common Stock as further described in Section 4(c)(iii) of the Plan; or

(iv) subject to Company and/or Committee consent at the time of exercise, if the Option is a Nonstatutory Stock Option, by a "net exercise" arrangement as further described in Section 4(c)(iv) of the Plan.

(c) By accepting your Option, you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation(the "***Lock-Up Period***"); *provided, however*, that nothing contained in this Section 3(c) will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 3(c). The underwriters of the Company's stock are intended third party beneficiaries of this Section 3(c) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

4. Term. You may not exercise your Option before the commencement of its term or after its term expires. The term of your Option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three months after the termination of your Continuous Service for any reason other than Cause, Disability or death;

(c) 12 months after the termination of your Continuous Service due to your Disability;

(d) 18 months after your death if you die during your Continuous Service;

(e) immediately upon a Corporate Transaction if the Board has determined that the Option will terminate in connection with a Corporate Transaction;

(f) the Expiration Date indicated in your Grant Notice; or

(g) the day before the 10th anniversary of the Date of Grant.

Notwithstanding the foregoing, if you die during the period provided in Section 4(b) or 4(c) above, the term of your Option shall not expire until the earlier of (i) 18 months after your death, (ii) upon any termination of the Option in connection with a Corporate Transaction, (iii) the Expiration Date indicated in your Grant Notice, or (iv) the day before the tenth anniversary of the Date of Grant. Additionally, the Post-Termination Exercise Period of your Option may be extended as provided in Section 4(i) of the Plan.

To obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your Option and ending on the day three months before the date of your Option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. If the Company provides for the extended exercisability of your Option under certain circumstances for your benefit, your Option will not necessarily be treated as an Incentive Stock Option if you exercise your Option more than three months after the date your employment terminates.

5. Withholding Obligations. As further provided in Section 8 of the Plan: (a) you may not exercise your Option unless the applicable tax withholding obligations are satisfied; and (b) at the time you exercise your Option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations, if any, which arise in connection with the exercise of your Option in accordance with the withholding procedures established by the Company. Accordingly, you may not be able to exercise your Option even though the Option is vested, and the Company shall have no obligation to issue shares of Common Stock subject to your Option, unless and until such obligations are satisfied. In the event that the amount of the Company's withholding obligation in connection with your Option was greater than the amount actually withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

6. Incentive Stock Option Disposition Requirement. If your Option is an Incentive Stock Option, you must notify the Company in writing within 15 days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your Option that occurs within two years after the date of your Option grant or within one year after such shares of Common Stock are transferred upon exercise of your Option.

7. Transferability. Except as otherwise provided in Section 4(e) of the Plan, your Option is not transferable, except by will or by the applicable laws of descent and distribution, and is exercisable during your life only by you.

8. Corporate Transaction. Your Option is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. No Liability for Taxes. As a condition to accepting the Option, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the Option or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the Option and have either done so or knowingly and voluntarily declined to do so. Additionally, you acknowledge that the Option is exempt from Section 409A only if the exercise price is at least equal to the "fair market value" of the Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Option. Additionally, as a condition to accepting the Option, you agree not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise is less than the "fair market value" of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

10. Severability. If any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid

11. Other Documents. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

12. Questions. If you have questions regarding these or any other terms and conditions applicable to your Option, including a summary of the applicable federal income tax consequences please see the Prospectus.

* * * *

Attachment II

2026 Equity Incentive Plan

ATTACHMENT III

REED'S, INC.
NOTICE OF EXERCISE
(2026 EQUITY INCENTIVE PLAN)

REED'S, INC.
501 Merritt 7 Penthouse
Norwalk, CT 06851

Date of Exercise: _______________

This constitutes notice to Reed's, Inc. (the "***Company***") that I elect to purchase the below number of shares of Common Stock of the Company (the "***Shares***") by exercising my Option for the price set forth below. Capitalized terms not explicitly defined in this Notice of Exercise but defined in the Stock Option Grant Notice, Stock Option Agreement or 2026 Equity Incentive Plan (the "***Plan***") shall have the meanings set forth in the Stock Option Grant Notice, Stock Option Agreement or Plan, as applicable. Use of certain payment methods is subject to Company and/or Committee consent and certain additional requirements set forth in the Stock Option Agreement and the Plan.

Type of Option (check one):	Incentive ☐	Nonstatutory ☐
Date of Grant:	_______________	
Number of Shares as to which Option is exercised:	_______________	
Certificates to be issued in name of:	_______________	
Total exercise price:	$______________	
Cash, check, bank draft or money order delivered herewith:	$______________	
Value of ________ Shares delivered herewith:	$______________	
Regulation T Program (cashless exercise):	$_____________	
Value of _______ Shares pursuant to net exercise:	$_____________	

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Plan, (ii) to satisfy the tax withholding obligations, if any, relating to the exercise of this Option as set forth in the Stock Option Agreement, and (iii) if this exercise relates to an Incentive Stock Option, to notify you in writing within 15 days after the date of any disposition of any of the Shares issued upon exercise of this Option that occurs within two years after the Date of Grant or within one year after such Shares are issued upon exercise of this Option.

I further agree that I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company that I hold, for a period of 180 days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided, however*, that nothing contained in this paragraph will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. I further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. I further agree that in order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to shares of Common Stock that I hold until the end of such period. I also agree that any transferee of any shares of Common Stock (or other securities) of the Company that I hold will be bound by this paragraph. The underwriters of the Company's stock are intended third party beneficiaries of this paragraph and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

Very truly yours,

____

Attachment IV

Prospectus

Exhibit 10.3

REED'S, INC.
RSU AWARD GRANT NOTICE
(2026 EQUITY INCENTIVE PLAN)

Reed's, Inc. (the "***Company***") has awarded to you (the "***Participant***") the number of restricted stock units specified and on the terms set forth below in consideration of your services (the "***RSU Award***"). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company's 2026 Equity Incentive Plan (the "***Plan***") and the Award Agreement (the "***Agreement***"), which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant:	______________________
Date of Grant:	______________________
Vesting Commencement Date:	______________________
Number of Restricted Stock Units:	______________________

Vesting Schedule: Subject to your Continuous Service through each applicable vesting date, the RSU Award will vest as follows: [_____]

Issuance Schedule: One share of Common Stock will be issued for each restricted stock unit which vests at the time set forth in Section 6 of the Agreement.

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this RSU Award Grant Notice (the "***Grant Notice***"), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the "***RSU Award Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.

- You consent to receive this Grant Notice, the Agreement, the Plan, the Prospectus and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.

- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

REED'S, INC.	**PARTICIPANT:**
By: ______________________	______________________
Signature	Signature
Title: ______________________	Date: ______________________
Date: ______________________	

ATTACHMENTS: RSU Award Agreement, 2026 Equity Incentive Plan, Prospectus

Attachment I

Reed's, Inc.
Award Agreement
(2026 Equity Incentive Plan)

As reflected by your RSU Award Grant Notice ("***Grant Notice***"), Reed's, Inc. (the "***Company***") has granted you a RSU Award under its 2026 Equity Incentive Plan (the "***Plan***") for the number of restricted stock units as indicated in your Grant Notice (the "***RSU Award***"). The terms of your RSU Award as specified in this Award Agreement for your RSU Award (the "***Agreement***") and the Grant Notice constitute your "***RSU Award Agreement***." Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. Governing Plan Document. Your RSU Award is subject to all the provisions of the Plan, including but not limited to the provisions in:

(a) Section 6 of the Plan regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Corporate Transaction on your RSU Award;

(b) Section 9(e) of the Plan regarding the Company's retained rights to terminate your Continuous Service notwithstanding the grant of the RSU Award; and

(c) Section 8 of the Plan regarding certain tax consequences of your RSU Award.

Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. Grant of the RSU Award. This RSU Award represents your right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice as modified to reflect any Capitalization Adjustment and subject to your satisfaction of the vesting conditions set forth therein (the "***Restricted Stock Units***"). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. Vesting. Your Restricted Stock Units will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, subject to the provisions contained herein and the terms of the Plan. Vesting will cease upon the termination of your Continuous Service.

4. Dividends. You may become entitled to receive payments equal to any cash dividends and other distributions paid with respect to a corresponding number of shares of Common Stock to be issued in respect of the Restricted Stock Units covered by your RSU Award. Any such dividends or distributions shall be subject to the same forfeiture restrictions as apply to the Restricted Stock Units and shall be paid at the same time that the corresponding shares are issued in respect of your vested Restricted Stock Units, provided, however that to the extent any such dividends or distributions are paid in shares of Common Stock, then you will automatically be granted a corresponding number of additional Restricted Stock Units subject to the RSU Award (the "***Dividend Units***"), and further provided that such Dividend Units shall be subject to the same forfeiture restrictions and restrictions on transferability, and same timing requirements for issuance of shares, as apply to the Restricted Stock Units subject to the RSU Award with respect to which the Dividend Units relate.

5. Withholding Obligations. As further provided in Section 8 of the Plan, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations, if any, which arise in connection with your RSU Award (the "***Withholding Obligation***") in accordance with the withholding procedures established by the Company. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Common Stock in respect of the RSU Award. In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

6. Date of Issuance.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Withholding Obligation, if any, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit (subject to any adjustment under Section 4 above, and subject to any different provisions in the Grant Notice) that vests on the applicable vesting date(s) or on a later date as determined by the Company but in no event later than the Issuance Deadline (as defined below).

(b) In addition, the following provisions shall apply to the extent applicable at a vesting date when shares of Common Stock are registered under the Securities Act, unless otherwise determined by the Company. If:

(i) the applicable vest date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Arrangement***") or under such other policy expressly approved by the Company), *and*

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the applicable vest date, (A) not to satisfy the Withholding Obligation by withholding shares of Common Stock from the shares otherwise due to you under this Award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash,

then the shares that would otherwise be issued to you on the applicable vest date will not be delivered on such applicable vest date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market or on such other date determined by the Company, but in no event later than the Issuance Deadline.

The "***Issuance Deadline***" means (a) December 31 of the calendar year in which the applicable vest date occurs (that is, the last day of your taxable year in which the applicable vest date occurs), or (b) if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock issuable as a result of the applicable vest date under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) To the extent the RSU Award is a Non-Exempt Award, the provisions of Section 11 of the Plan shall apply.

7. Lock-Up Period. By accepting your RSU Award, you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided, however*, that nothing contained in this Section 7 will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 7. The underwriters of the Company's stock are intended third party beneficiaries of this Section 7 and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

8. Transferability. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

9. Corporate Transaction. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

10. No Liability for Taxes. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

11. Severability. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

12. Other Documents. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

13. Questions. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

ATTACHMENT II

2026 EQUITY INCENTIVE PLAN

ATTACHMENT III

PROSPECTUS

Exhibit 31.1

Certification of Principal Executive Officer

I, Neal M. Cohane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Reed’s, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Date: August 12, 2026

	/s/ Neal M. Cohane
Name:	Neal M. Cohane
Title:	Interim Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer

I, Douglas W. McCurdy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Reed’s, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Date: August 12, 2026

	/s/ Douglas W. McCurdy
Name:	Douglas W. McCurdy
Title:	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

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Neal M. Cohane, the Interim Chief Executive Officer of Reed's, Inc. (the "**Company**"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (the "**Report**") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2026

	/s/ Neal M. Cohane
Name:	Neal M. Cohane
Title:	Interim 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

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Douglas W. McCurdy, the Chief Financial Officer of Reed's, Inc. (the "**Company**"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (the "**Report**") of the Company fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2026

	/s/ Douglas W. McCurdy
Name:	Douglas W. McCurdy
Title:	Chief Financial Officer
	(Principal Financial Officer)