

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2025

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

For the transition period from _____ to _____

Commission File Number: 001-32501

REED'S, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

35-2177773

(I.R.S. Employer Identification No.)

501 Merritt 7 PH, Norwalk, CT

(Address of principal executive offices)

06851

(Zip Code)

(800) 997-3337

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	REED	NYSE American LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates (excluding voting shares held by officers and directors) as of June 30, 2025 was \$18,457,633.

There were a total of 11,820,429 shares of Common Stock outstanding as of March 20, 2026.



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Unless the context otherwise requires, the terms the “Company,” “Reed’s,” “we,” “us,” “our,” and similar references in this Annual Report on Form 10-K refer to Reed’s, Inc. and its consolidated subsidiaries. This Annual Report on Form 10-K contains and incorporates by reference market data and industry statistics and forecasts that are based on independent industry publications and other publicly available information. Although we believe that these sources are reliable, we do not guarantee the accuracy or completeness of this information and we have not independently verified this information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Annual Report on Form 10-K contains statements reflecting our views about our future performance that constitute “forward-looking statements”. Statements that constitute forward-looking statements are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goal,” “guidance,” “intend,” “may,” “objective,” “outlook,” “plan,” “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. 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 “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” 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.

Summary Risk Factors

Our business is subject to a number of risks of which you should be aware before making a decision to invest in our securities. These risks include, among others, the following:

- We have incurred and may continue to incur losses, and we may be unable to achieve or maintain profitability.
- Our current indebtedness contains, and any future indebtedness may contain, restrictions on our business. 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.
- Demand for our products can fluctuate significantly and our management's estimates of future product demand may be inaccurate, particularly with new products. Further, we may be subject to a variety of other factors that impact timely production and shipment of our products. Our business and results of operations are impacted by product shortages as well as product surplus.
- We may experience a reduced demand for some of our products due to health concerns (including obesity) and legislative initiatives against sweetened beverages.
- Supply chain challenges have impacted our ability to respond effectively or in a timely manner to increases in demand for our products and have adversely impacted our business. Supply chain constraints could cause a disruption in our ability to obtain raw materials required to manufacture our products and adversely affect our operations and financial performance.
- Damage to our reputation or brand image can adversely affect our business.
- Any inability to compete effectively can adversely affect our business.
- We are subject to international regulations that could adversely affect our business and results of operations.
- Our performance significantly depends on the contributions of key personnel. If we lose key personnel, our operations and ability to manage our business may be affected.
- If we are unable to adequately protect our intellectual property rights, or if we are found to infringe on the intellectual property rights of others, our business can be adversely affected.
- Failure to comply with applicable laws and regulations can adversely affect our business.
- Potential liabilities and costs from litigation, claims, legal or regulatory proceedings, inquiries or investigations inherent in our business can have an adverse impact on our business.
- Significant changes to or failure to comply with various environmental laws may expose our co-packers to liability or cause them to close, relocate or operate at reduced production levels, which could adversely affect our business, financial condition and results of operations.
- Water scarcity and poor quality could negatively impact our costs and capacity.
- Climate change and legal or regulatory responses thereto may have a long-term adverse impact on our business and results of operations.
- The market price of our common stock has been and may continue to be volatile or may decline regardless of our operating performance.
- Our principal stockholders own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.
- Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall.
- Our largest stockholder's preemptive right could dissuade a strategic investor from making an investment in the Company.
- We do not intend to pay dividends for the foreseeable future and, as a result, stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock.
- Our failure to meet the continued listing requirements of NYSE American could result in a de-listing of our common stock.

PART I

Item 1. Business

Overview

We are a branded beverage company offering a portfolio of natural, premium, and functional beverages under the Reed's and Virgil's brands. Our products are sold in over 32,000 outlets across the United States and in select international markets. We compete within the U.S. carbonated soft drink ("CSD") market by providing alternatives that we believe are better-for-you, with a focus on real ginger, clean-label ingredients, and functional formulations.

We operate an asset-light business model that relies on a network of independent co-packers and distributors. We believe this structure allows us to scale production efficiently, expand distribution, and introduce innovation without significant capital expenditures. We further believe this model positions us to respond quickly to consumer demand shifts and to enter new categories and geographies in a cost-efficient manner.

We have 50 products that are sold throughout the United States and the Asia-Pacific region. We produce our products through a network of seven independent manufacturers and distribute our products through five independent distribution centers.

Industry Overview

The U.S. CSD market grew approximately 2% to \$46 billion in 2025 (source: IBISWorld). The U.S. ginger ale market grew approximately 6% to \$2.9 billion in 2025 (source: The Business Research Company). Functional and "modern soda" products are expanding at double-digit rates, led by consumer demand for premium craft beverages with natural ingredients, lower sugar, and added functional benefits. We believe these trends create favorable conditions for our brand portfolio, which is aligned with the following macro-consumer drivers:

- Growing consumer recognition of ginger as a functional wellness ingredient
- Reduced sugar consumption
- Clean label and natural ingredient demand
- Premiumization, with consumers trading up to higher quality craft beverages
- Non-alcohol alternatives with bold flavors

Brand Portfolio

We make our craft beverages with only premium, natural ingredients. Our products are free of genetically modified organisms ("GMOs") and artificial preservatives. Over the years, Reed's has developed several product offerings. In 2019, we streamlined our focus to core brands: Reed's Ginger Beverages and Virgil's Craft Sodas. In 2020, we launched our new line of Reed's Real Ginger Ales, in both Full Sugar and Zero Sugar varieties, made with pressed organic ginger. In 2021, we entered the alcohol space with the launch of our RTD Classic Mule that is 7% alcohol by volume ("ABV") and our RTD Hard Ginger Ale which is 5% ABV. In 2025, we launched a new multi-functional soda line that is formulated with organic ingredients.

Reed's Craft Ginger Beer

Reed's Craft Ginger Beer is set apart from other ginger beers by its proprietary process of pressing fresh ginger root, its exclusive use of natural ingredients, and its authentic Jamaican-inspired recipe. We do not use artificial preservatives, flavors, or colors. Reed's Ginger Beer is certified kosher. We offer different levels of fresh ginger content, ranging from our lightest-spiced Original, to our medium-spiced Extra, and finally to our spiciest Strongest. We also offer three sweetener options: one with cane sugar; one with honey and pineapple juice; and another without sugar (Zero Sugar) made with stevia, a natural zero-calorie sweetener.

Reed's Original Ginger Beer – Our first to market product uses a Jamaican-inspired recipe that calls for pressed organic ginger, honey, pineapple juice, lemon and lime juices, cane sugar, and spices.

Reed's Premium Ginger Beer – Our Original Ginger Beer sweetened with honey and pineapple juice (no cane sugar added).

Reed's Extra Ginger Beer – Contains 50% more fresh ginger than Reed's Original recipe for extra spice.

Reed's Strongest Ginger Beer – Contains 125% more fresh ginger than Reed's Original for the strongest spice.

Reed's Zero Sugar Extra Ginger Beer – Our Extra Ginger Beer sweetened with stevia, a natural zero-calorie sweetener (no cane sugar added).

Reed's Real Ginger Ale

Reed's Real Ginger Ale is unique for the category because it combines pressed organic ginger with the classic, refreshing taste that consumers love. It contains nothing artificial and is non-GMO project verified. We offer two sweetener options: one with cane sugar and the other with stevia, a natural zero-calorie sweetener.

Reed's Real Ginger Ale –The only mass market ginger ale made with pressed organic ginger.

Reed's Zero Sugar Real Ginger Ale –Our Real Ginger Ale sweetened with stevia, a natural zero-calorie sweetener (no cane sugar added).

Reed's Real Cranberry Ginger Ale – Our seasonal holiday offering available September through December.

Reed's Real Blackberry Ginger Ale - Our seasonal product holiday offering available September through December.

Reed's Harvest Spiced Apple Cider – Our seasonal product holiday offering available September through December.

Reed's Ready to Drink

Reed's Zero Sugar Classic Mule – Our first-ever alcohol offering made with pressed organic ginger and a handcrafted brewing and fermentation process. It contains 7% ABV, and a light-spice flavor profile with no artificial colors, gluten, GMOs or caffeine. It is currently sold in 14 states.

Reed's Zero Sugar Hard Ginger Ale – Our line of light refreshing hard ginger ales are available in four flavors: Cherry Lime, Mango, Strawberry Watermelon and Pineapple Coconut. They contain 5% ABV, 100 calories and zero carbohydrates and have no added sugar, artificial colors, gluten, GMOs or caffeine. It is currently sold in 14 states.

Reed's Functional Soda

In 2025, we launched a new multi-functional soda line. This innovative lineup is formulated with pressed organic ginger, complex adaptogen mushroom extracts, and prebiotic fiber. Each serving contains only 5 grams of sugar, approximately 30 to 45 calories, 500 mg of adaptogens, and 2,000 to 5,000 mg of organic ginger. The flavor profile includes Lemongrass Ginger, Berry Bubbly, Strawberry Vanilla, and Root Beer.

Virgil's Handcrafted Soda

Virgil's is a premium handcrafted soda that uses only natural ingredients to create bold renditions of classic flavors. We do not use artificial preservatives, artificial colors, or GMO-sourced ingredients, and our Virgil's line is certified kosher.

Handcrafted Line: Virgil's first Handcrafted soda was launched in 1994. It began as one person's passion to create the finest root beer ever produced and has since won numerous awards. Virgil's difference is using natural ingredients to craft bold, classic soda flavors. Virgil's Handcrafted line includes Root Beer, Vanilla Cream, Black Cherry, Orange Cream, and Cola.

Zero Sugar Line: Our Virgil's Handcrafted Soda sweetened with stevia, a natural zero-calorie sweetener (no cane sugar added). This natural line of Zero Sugar flavors includes Root Beer, Vanilla Cream, Black Cherry, Orange Cream, Cola.

Flying Cauldron Soda

Flying Cauldron is a non-alcohol butterscotch beer prized for its creamy vanilla and butterscotch flavors. Sought after by beverage aficionados, Flying Cauldron is made with natural ingredients and no artificial flavors, sweeteners, preservatives, gluten, caffeine, or GMOs.

We believe our portfolio enables us to compete across multiple high-growth subcategories of the broader CSD market.

Scalable Operating Model

All of Reed's products are manufactured through independent co-packers. They brew, blend, bottle, and package our products and charge us a fee, generally by the case, for the products produced. We have relationships with one co-packer in Pennsylvania, three in California, one in Washington, one in New York, and one in North Carolina. We believe this model provides:

- Scalability. The ability to ramp production quickly without significant capital investment
- Flexibility. The ability to shift production among multiple facilities to manage demand, reduce freight costs, and mitigate supply chain risks
- Efficiency. The ability to drive down per-unit costs by introducing freight-friendly packaging, including a shift from glass bottles to aluminum cans.

Recently, we entered into a strategic partnership with a leading national logistics provider to manage freight and warehousing. We believe this partnership enhances efficiency and cost control across our supply chain.

Sales and Marketing

We have an experienced and geographically diverse sales force promoting our products, with senior sales representatives strategically placed in multiple regions across the United States, supported by local Reed's sales staff. Additionally, we have sales managers handling national accounts for natural, specialty, grocery, mass, club, drug, liquor, convenience and on-premise channels. Our sales managers are responsible for all activities related to the sales, distribution, and marketing of our brands to our entire retail partner and distributor network in North America and in international markets. In addition to our internal sales team, we partner with independent sales brokers and outside representatives to promote our products in specific channels and key targeted accounts.

We sell to well-known popular natural food and gourmet retailers, large grocery store chains, mass merchants, club stores, convenience and drug stores, liquor stores, industrial cafeterias (corporate feeders), and to on-premises bars and restaurants nationwide and in some international markets. We also sell our products and promotional merchandise directly to consumers via the Internet through our Company website www.drinkreeds.com, Amazon, and third party e-commerce retailers.

Some of our representative key customers include:

- **Natural stores:** Whole Foods Market, Sprouts, Natural Grocers by Vitamin Cottage, Fresh Thyme, NCG, and INFRA
- **Gourmet & specialty stores:** Trader Joe's, Erewhon, Gelson's, Harmon's, Bristol Farms, The Fresh Market, Woodman's, Cost Plus World Market, and Cracker Barrel
- **Grocery and mass chains:** Kroger (and all Kroger banners), Albertson's/Safeway, Publix, Food Lion, Stop & Shop, H.E.B., Wegmans, Walmart, Raley's, Savemart, Ingles, Harris Teeter, Hannaford, SEG/Winn Dixie, Giant, SpartanNash, Food Land, Lowes, Smart and Final, Bashes, Haggen, AFS, Market Basket, Meijer, Cub, and HyVee
- **Club stores:** Costco
- **Liquor stores:** BevMo!, ABC, and Total Wine and More
- **Convenience & drug stores:** Duane Reade

Distribution Network

Our products are brought to market through a flexible distribution model, which is a mix of direct-store-delivery, customer warehouse, and distributor networks. The distribution system used depends on customer needs, product characteristics, and local trade practices.

Our product reaches the market in the following ways:

Direct to Natural & Specialty Wholesale Distributors

Our natural and specialty distributor partners operate a distribution network delivering thousands of SKUs of natural and gourmet products to thousands of small, independent, natural retail outlets around the U.S., along with national chain customers, both conventional and natural. This system of distribution allows our brands far reaching access throughout North America. During the past year we have expanded and will continue to expand in this distribution network.

Direct to Store Distribution (“DSD”) Through Non-Alcohol and Alcohol Beverage Distributor Network

Our independent distributor partners operate DSD systems which deliver primarily beverages, foods, and snacks directly to retail stores where the products are merchandised by their route sales and field sales employees. DSD enables us to merchandise with maximum visibility and appeal. DSD is especially well-suited to products frequently restocked and responds to in-store promotion and merchandising. We are focused on expanding our DSD network on a national basis.

Direct to Store Warehouse Distribution

Some of our products are delivered from our co-packers and warehouses directly to customer warehouses. Some retailers mandate we deliver directly to them, as it is more cost effective and allows them to pass savings along to their customers. Other retailers may not mandate direct delivery, but they recommend and prefer it as they have the capability to self-distribute and can realize significant savings with direct delivery.

Wholesale Distribution

We utilize a network of five independent distribution and consolidation centers across the United States to store and distribute our products. Our Wholesale Distribution network handles the wholesale shipments of our products. These distributors have a warehouse and distribution center, and ship Reed’s and Virgil’s products directly to the retailer (or to customers who opt for drop shipping).

International Expansion

We believe international markets represent a significant long-term growth opportunity. In 2025, we established Reed’s (Asia) Limited, with subsidiaries in Hong Kong, Japan, China and Singapore as part of our strategy to build a local presence in the Asia-Pacific region. We expect continued investment in our Asia-Pacific growth initiative.

Our international strategy emphasizes local co-packing arrangements and concentrate models, which we believe allow us to reduce freight costs and scale efficiently in markets where ginger is already a culturally relevant and widely consumed ingredient.

Growth Strategy

We intend to grow our business through the following strategic priorities:

- **Expand Distribution and Market Penetration.** We intend to broaden retail coverage across mass, club, convenience, and liquor channels, and to expand our national DSD network to improve visibility and execution at the store level.
- **Drive International Expansion.** We plan to leverage our newly formed Asia-Pacific subsidiaries to expand further into international markets. We believe select international regions provide natural alignment with our ginger-based portfolio.
- **Enhance Operational Efficiency and Reduce Costs.** We continue to transition packaging to aluminum cans, optimize our co-packer network, and utilize consolidated freight and logistics services. We believe these initiatives will lower unit costs, improve gross margin potential, and reduce exposure to supply chain disruption.
- **Leverage Innovation in Modern Soda.** We intend to expand our healthier soda line with new SKUs and flavors and continue to introduce beverages that align with health-conscious consumer trends favoring natural, premium, and functional alternatives.

Competition

Non-alcohol Beverages

Success in this competitive environment is dependent on effective promotion of existing products, introduction of new products, efficiency in production techniques, incorporation of technology and digital tools across all areas of our business, advertising campaigns, marketing programs, product packaging and pricing, new vending and dispensing equipment and brand and trademark development and protection. We believe that the strength of our brands, innovation and marketing, coupled with the quality of our products and flexibility of our distribution network, allows us to compete effectively.

The non-alcohol beverage segment of the commercial beverage industry is highly competitive, consisting of numerous companies ranging from small or emerging to very large and well established. Our non-alcohol products compete on the basis of brand recognition and loyalty, taste, price, value, quality, innovation, distribution, shelf space, advertising, marketing and promotional activity (including digital), packaging, convenience, service and the ability to anticipate and effectively respond to consumer preferences and trends, including increased consumer focus on health and wellness and sustainability and the continued acceleration of e-commerce and other methods of distributing and purchasing products. Our products compete with a wide range of drinks produced by a relatively large number of manufacturers. Many of these brands have enjoyed broad, well-established national recognition for years, through well-funded advertising and other branding campaigns. Competitors in the ginger beer category include Goslings, Barritt's, Fever Tree, Bundaberg, Cock 'n Bull and Q; in the craft soda category we compete with brands such as Stewart's, IBC, Zevia, Henry Weinhard's, Boylan, Sprechers, and Jones Soda; In the Ginger Ale category we compete with Canada Dry, Schweppes, Seagram's, Vernor's, and Zevia.

We also compete for distributors who will concentrate on marketing our products over those of our competitors, provide stable and reliable distribution, and secure adequate shelf space in retail outlets.

Our products have a relatively high price, we have conducted minimal mass media advertising to date, and we have a small but growing presence in the mainstream market compared to many of our competitors, Our success in this competitive market is dependent on our natural beverage recipes, brand innovation, packaging, commitment to the highest quality standards, use of premium ingredients, and our proprietary ginger processing formula.

Ready to Drink

The Ready to Drink (RTD) category refers to pre-mixed, single serve alcohol beverages that offer convenience and quality for cocktail drinkers.

The start of the Covid-19 pandemic, when restaurants and bars closed in March 2020, helped propel the category with consumers bringing the on-premises cocktail occasion to their homes. This was a major boost for pre-mixed, single-serve RTDs. Without the recent quality improvements of RTD cocktails, however, it is unlikely that the category would have taken off. Today's RTD cocktails bring much higher quality versus earlier wine coolers and malt-based hard lemonades. Premiumization has resulted in a new wave of products that have less sugar and more transparency. Variety has also been a key driver, allowing consumers ways to experiment without buying costly ingredients or spirits. Reed's is poised to leverage these trends by bringing high-quality, crafted Mules and Hard Ginger Ale made with pressed organic ginger to the market.

Competitors in the RTD category include High Noon, Cutwater Spirits, Jack Daniel's & Coca-Cola, NUTRL, BuzzBallz, On The Rocks, Jose Cuervo, 1800 Tequila, Bacardi, The Long Drink Company, and Fisher's Island. In the Mule segment, competitors include Cutwater Spirits, Mule 2.0, Copper Can, Crafthouse Cocktails, and Cardinal Spirits.

Raw Materials

Substantially all of the raw materials used in the preparation, bottling and packaging of our products are purchased by Reed's or by our co-packers in accordance with our specifications. Raw materials are delivered and stored at our various third-party co-packers.

Generally, the raw materials used in our products are obtained from multiple domestic and foreign suppliers. This provides a level of protection against a major supply constriction or adverse cost or supply impacts.

Many outside factors such as industry wide shortages, crop yield, weather, agricultural legislation, and the geopolitical climate impact supply and price; however, we source ingredients from multiple regions and suppliers to mitigate this risk.

Aluminum Cans and Glass Bottles

A significant component of our product cost is the purchase of aluminum cans and glass bottles. We are generally responsible for arranging the purchase, and delivery to our third-party co-packers, of the containers in which our beverage products are packaged. We source aluminum cans and glass bottles directly from manufacturers or indirectly through brokers or co-packers, based on their cost and availability regionally. These suppliers provide expertise in emerging package and material innovation that can be leveraged to further expand marketing and package offerings.

Working Capital Practices

Our working capital practices focus on optimizing the cash conversion cycle by efficiently managing receivables, payables, and inventory. Key working capital optimization strategies include implementing cash flow forecasts, digital invoicing, early pay discounts, involving the sales team, extended payment terms with suppliers, electronic workflows and payments, technology to predict demand and reduce inventory overstocking and related holding costs, and regular monitoring of key performance indicators to ensure liquidity and operational efficiency.

Seasonality

Sales of our non-alcohol beverages are moderately seasonal with higher-than-average volume in the warmer months. The volume of sales in the beverage business is affected by weather conditions from time to time. Additionally, a portion of our products are seasonal and only available at certain times of the year.

Proprietary Rights

We own copyrights, trademarks and trade secrets relating to our products and the processes for their production; the packages used for our products; and the design and operation of various processes and equipment used in our business. Some of our proprietary rights are licensed to our co-packers and suppliers and other parties. Reed's ginger processing and brewing process finished beverage products and concentrate formulas are among its most valuable trade secrets.

We own trademarks in the United States that we consider material to our business. Trademarks in the United States are valid as long as they are in use and/or their registrations are properly maintained. Pursuant to our manufacturing and bottling agreements, we authorize our co-packers to use applicable Reed's trademarks in connection with their manufacture, sale and distribution of our products. We have registered and intend to obtain additional trademarks in international markets as may become necessary.

We use confidentiality and non-disclosure agreements with employees, manufacturers and distributors to protect our proprietary rights.

Regulation

We are required to comply, and it is our policy to comply with all applicable laws in all jurisdictions in which we do business.

U.S. laws and regulations that apply to our business and the production, distribution and sale of our products include, but are not limited to: the Federal Food, Drug and Cosmetic Act and various state laws governing food safety and food labelling; the Food Safety Modernization Act; the Occupational Safety and Health Act and various state laws and regulations governing workplace health and safety; various federal, state and local environmental protection laws, as discussed below; the Federal Motor Carrier Safety Act; the Federal Trade Commission Act; the Lanham Act and various state law statutory and common law duties regarding false advertising; various federal and state laws and regulations governing our employment practices, including those related to equal employment opportunity, such as the Equal Employment Opportunity Act and the National Labor Relations Act and those related to overtime compensation, such as the Fair Labor Standards Act; various state and federal laws pertaining to sale and distribution of alcohol beverages; data privacy and personal data protection laws and regulations, including the California Consumer Privacy Act of 2018 (as modified by the California Privacy Rights Act); customs and foreign trade laws and regulations, including laws regarding the import or export of our products or ingredients used in our products and tariffs; laws regulating the sale of certain of our products in schools; and laws regulating the ingredients or substances contained in, or attributes of, our products. We are subject to various state and local statutes and regulations, including state consumer protection laws such as Proposition 65 in California, which requires that a specific warning appear on any product that contains a substance listed by the State of California as having been found to cause cancer or birth defects, unless the amount of such substance in the product is below a safe harbor level.

Certain jurisdictions have either imposed, or are considering imposing, new or increased taxes on the manufacture, distribution or sale of, ingredients or substances contained in, or attributes of, our products or commodities used in the production of our products. These taxes vary in scope and form: some apply to all beverages, including non-caloric beverages, while others apply only to beverages with a caloric sweetener (e.g., sugar). Similarly, some measures apply a single tax rate per ounce/liter on beverages containing over a certain level of added sugar (or other sweetener) while others apply a graduated tax rate depending upon the amount of added sugar (or other sweetener) in the beverages.

Certain jurisdictions have either imposed or are considering imposing regulations designed to increase recycling rates, encourage waste reduction, restrict the sale of products utilizing certain packaging or to carry warnings about the environmental impact of plastic packaging. It is possible that similar or more restrictive requirements may be proposed or enacted in the future.

Certain jurisdictions have either imposed, or are considering imposing, new or increased taxes on the manufacture, distribution or sale of our products, ingredients or substances contained in, or attributes of, our products or commodities used in the production of our products. These taxes vary in scope and form: some apply to all beverages while others apply only to beverages with a caloric sweetener (e.g., sugar). Similarly, some measures apply a single tax rate per ounce/liter on beverages containing over a certain level of added sugar (or other sweetener) while others apply a graduated tax rate depending upon the amount of added sugar (or other sweetener) in the beverage and some apply a flat tax rate on beverages containing a particular substance or ingredient, regardless of the level of such substance or ingredient.

Co-packers of our beverage products presently offer and use non-refillable, recyclable containers in the United States. Some of these co-packers also offer and use refillable containers, which are also recyclable. Legal requirements apply in various jurisdictions in the United States and overseas requiring deposits or certain taxes or fees be charged for the sale, marketing and use of certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Other types of beverage container-related deposit, recycling, tax and/or product stewardship statutes and regulations also apply in various jurisdictions in the United States and overseas. We anticipate additional, similar legal requirements may be proposed or enacted in the future at local, state and federal levels, both in the United States and elsewhere.

Alcoholic beverages are regulated by federal, state and local governments in both the U.S. and abroad whose laws and regulations govern the production, distribution and sale of alcohol beverages, including licensing, permitting, advertising and marketing. The manufacturing and sale of alcohol products requires numerous approvals, licenses and permits from governmental agencies, including, but not limited to, the U.S. Department of Treasury, the Alcohol and Tobacco Tax and Trade Bureau (“TTB”), the U.S. Department of Agriculture, the FDA, state alcohol regulatory agencies and state and federal environmental agencies. Our third-party manufacturers, in particular, are subject to audits and inspections by TTB and applicable state alcohol regulatory agencies at any time. Our alcohol beverages are also subject to various taxes, license fees, and the like levied by governmental entities as well as bonds that such entities may deem necessary to ensure compliance with applicable laws and regulations. Beginning in January 2018, the federal excise taxes imposed on domestic brewers that produce less than 2 million barrels annually were reduced from \$7.00 to \$3.50 per barrel on the first 60,000 barrels shipped annually. State and local excise taxes, on the other hand, vary based on the alcohol content and type of beverage. Federal, state, or local governments may increase such excise taxes in the future.

Our co-packers are subject to federal, state and local environmental laws and regulations, including those relating to air emissions, water discharges, the use of water resources, waste disposal, and recycling. Changes in environmental compliance mandates, and any expenditures necessary to comply with such requirements, could increase costs. In addition, continuing concern over environmental matters, including climate change, is expected to continue to result in new or increased legal and regulatory requirements (in and outside of the United States), including to reduce or mitigate the potential effects of greenhouse gases, to limit or impose additional costs on commercial water use due to local water scarcity concerns, or to expand mandatory reporting of certain environmental, social and governance metrics.

We are also subject to various federal, state and international laws and regulations related to privacy and data protection, including the California Consumer Privacy Act of 2018 (“CCPA”), which became effective on January 1, 2020, and its extension, the California Privacy Rights Act (“CPRA”), which took effect on January 1, 2023. The interpretation and application of data privacy, cross-border data transfers and data protection laws and regulations are often uncertain and are evolving in the United States and internationally. We monitor pending and proposed legislation and regulatory initiatives to ascertain their relevance to and potential impact on our business and develop strategies to address regulatory trends and developments, including any required changes to our privacy and data protection compliance programs and policies.

Our primary cost pertaining to environmental compliance activity is in recycling fees and redemption values. Various municipalities, states and foreign countries require that a deposit be charged for certain non-refillable beverage containers. The precise requirements imposed by these measures vary by jurisdiction. Other deposit, recycling, ecotaxes and/or product stewardship proposals have been, and may in the future be, introduced and enacted at the federal, state, and local levels, and in foreign countries. In California, we are required to collect redemption values from our customers and to remit such redemption values to the State of California Department of Resources Recycling and Recovery based upon the number of cans and bottles of certain carbonated and non-carbonated products sold. In certain other states and countries where our products are sold, we are also required to collect deposits from our customers and to remit such deposits to the respective jurisdictions based upon the number of cans and bottles of certain carbonated and non-carbonated products sold in such states.

In addition to the discussion in this section, see also “Item 1A. Risk Factors.”

Human Capital

Attracting, developing and retaining talent with the right skills to drive our business is central to our growth strategy. The strength of our workforce is one of the significant contributors to our success. Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. The principal purpose of our equity plans was to retain and reward personnel through the granting of stock options, in order to increase shareholder value and the success of our Company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

As of March 20, 2026, we had 44 full-time equivalent employees on our corporate staff. We employ additional personnel on a part-time basis as needed. We have never participated in a collective bargaining agreement. We believe relations with our employees are good.

Corporate Information

Reed’s Original Ginger Brew, created in 1987, was introduced to the market in Southern California stores in 1989. In 1991, we incorporated our business operations under the laws of the State of Florida under the name of “Original Beverage Corporation.” In September 2001, pursuant to a reincorporation merger, we changed our state of incorporation to the State of Delaware, and changed our name to “Reed’s, Inc.”

Our principal executive office is located at 501 Merritt 7 PH, Norwalk, Connecticut 06851. Our telephone number is (800) 997-3337. Our website address is <https://investor.reedsinc.com>. Information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report on Form 10-K, and you should not consider information on our website to be part hereof.

The Reed’s logo, the name Reed’s, and other trademarks of Reed’s, Inc. are the property of Reed’s, Inc. Other trade names, trademarks and service marks used herein are the property of their respective owners.

Available Information

We intend to announce material information to the public through filings with the Securities and Exchange Commission (the “SEC”), on the investor relations page of our website, which is located at <https://investor.reedsinc.com>, press releases, public conference calls and public webcasts. The information disclosed through the foregoing channels could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above and to review the information disclosed through such channels. We file electronically with the SEC our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We make available on our investor relations website, free of charge, copies of these reports and other information as soon as reasonably practicable after we file such material with or furnish it to the SEC. The SEC also maintains a website that contains our SEC filings at www.sec.gov. Information found on, or accessible through these websites is not part of, and is not incorporated into, this Annual Report on Form 10-K or in any other report or document we file.

Item 1A. Risk Factors

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, as well as the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and the notes thereto, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The occurrence of any of the events or developments described below could adversely affect our business, results of operations, financial condition, reputation, and prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. These are not the only risks we face. There may be other risks we are not currently aware of or that we currently deem not to be material but that may become material in the future.

Risks Related to Our Business and Industry

We have incurred and may continue to incur losses, and we may be unable to achieve or maintain profitability.

We incurred net losses of \$15,842 million and \$13,152 million for the fiscal years ended December 31, 2025 and 2024, respectively. While we aim to reduce costs, our operating expenses may increase over time as we continue to invest in growing our business, increasing our customer base, contract manufacturers and distributors, and expanding our selling and marketing channels. Our expansion efforts may prove more expensive than we anticipate, and there is no guarantee that these efforts will translate into sufficient sales to cover our expenses and result in profits. In addition, if our efforts to increase the average selling price of our products over time result in outsized volume decreases, our net sales may be adversely impacted and it will be challenging to achieve profitability or maintain pace with cost increases over time. We incur significant expenses in developing our innovative products and delivering, handling and marketing our products. Accordingly, we may not be able to achieve or maintain profitability, and we may continue to incur significant losses in the future.

Our quarterly and annual operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts or any guidance we may publicly provide, each of which may cause our stock price to fluctuate or decline.

We expect our operating results to be subject to quarterly and annual fluctuations which may, in turn, cause the price of our common stock to fluctuate substantially. Our net loss and other operating results will be affected by numerous factors, including:

- the level of consumer demand and spending, which may vary significantly from period to period;
- expenditures that we may incur to acquire, develop or commercialize additional products;
- pricing pressures;
- our ability to expand or maintain the geographic reach of our commercial efforts;
- the degree of competition in our industry and any change in the competitive landscape of our industry;
- announcements relating to strategic transactions, including acquisitions, collaborations, or similar arrangements;
- positive or negative coverage in the media of our products or products of our competitors or our industry;
- any intellectual property infringement lawsuit or opposition, interference, or cancellation proceeding in which we may become involved;
- recruitment and departures of key personnel; and
- adverse macroeconomic conditions or geopolitical events, including international trade relations and tariffs, high levels of inflation, heightened interest rates, and geopolitical tensions such as the conflicts between Ukraine and Russia and in the Middle East.

If our quarterly or annual operating results fall below the expectations of investors or securities analysts or any forecasts or guidance we may provide to the market, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated guidance we may provide. We believe that quarterly or annual comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

Failure to realize benefits from our productivity initiatives can adversely affect our financial performance.

Our future growth depends, in part, on our ability to continue to reduce costs and improve efficiencies. We continue to identify and implement initiatives that we believe will position our business for long-term sustainable growth by allowing us to achieve a lower cost structure, improve decision-making and operate more efficiently. If we are unable to successfully implement our productivity initiatives as planned or do not achieve expected savings as a result of these initiatives, we may not realize all or any of the anticipated benefits, resulting in adverse effects on our financial performance.

Our current indebtedness contains, and any future indebtedness may contain, restrictions on our business. 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.

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.

Demand for our products can fluctuate significantly and our management’s estimates of future product demand may be inaccurate, particularly with new products. Further, we may be subject to a variety of other factors that impact timely production and shipment of our products. Our business and results of operations are impacted by product shortages as well as product surplus.

Management’s estimates of future product demand may be inaccurate, which could result in an understated or overstated provision required for excess and obsolete inventory. During the year ended December 31, 2025, the Company incurred \$2,013 of inventory write-offs related to changes in product portfolio optimization made by new management. During the year ended December 31, 2024, the Company incurred \$277 of inventory write-offs related to inventory obsolescence.

When we underestimate demand for our products, we are unable to secure sufficient ingredients or raw materials or procure adequate packing arrangements to obtain adequate or timely shipment of our products, as a result of which we are not able to satisfy demand on a short-term basis.

It is difficult to predict the timing and amount of our sales because our distributors are not required to place minimum orders with us. Our independent distributors and national accounts are not required to place minimum monthly or annual orders for our products. In order to reduce their inventory costs, independent distributors typically order products from us on a “just in time” basis in quantities and at such times based on the demand for the products in a particular distribution area. Accordingly, we cannot predict the timing or quantity of purchases by any of our independent distributors or whether any of our distributors will continue to purchase products from us in the same frequencies and volumes as they may have done in the past. Additionally, our larger distributors and partners may make orders that are larger than we have historically been required to fill.

Further, all of our products are produced by our co-pack partners. For most of our products, there are limited co-packing facilities in our markets with adequate capacity and/or suitable equipment to package our products. If a co-packer terminates its relationship with us, we have in the past, and will likely in the future, experience a delay finding a suitable replacement, which will negatively impact our business and financial results.

We depend on a limited number of customers for most of our revenue. The loss of, or a significant reduction in orders from our key customers that are not replaced by other orders from new or existing customers, would significantly reduce our revenue and adversely impact our business, financial condition and results of operations.

Our largest customers historically have accounted for a large portion of our sales. During the year ended December 31, 2025, our three largest customers comprised 21%, 15% and 14% of net sales, respectively. During the year ended December 31, 2024, our two largest customers comprised 18% and 17% of net sales, respectively. We believe that our operating results for the foreseeable future will continue to depend to a significant extent on sales attributable to certain customers. While we anticipate revenue attributable to our top customers will fluctuate from period to period, we expect to remain dependent on a small number of customers for a meaningful portion of our revenue for the foreseeable future. If our customers were to choose to reduce their orders or cease to order products from us or if our relationships with our customers or our distributors are disrupted for any reason and we are unable to replace those orders with orders from new or existing customers, there could be a significant negative impact on our business. Any reduction in sales attributable to our largest customers would have a significant and disproportionate impact on our business, financial condition and results of operations.

Reduction in future demand for our products would adversely affect our business.

Demand for our products depends in part on our ability to innovate and anticipate and effectively respond to shifts in consumer trends and preferences, including the types of products our consumers want and how they browse for, purchase and consume them. Consumer preferences continuously evolve due to a variety of factors, including: changes in consumer demographics, consumption patterns, diet (whether due to changes in consumer behavior and eating habits, the use of weight-loss drugs or other factors) and channel preferences (including continued increases in the e-commerce and online-to-offline channels); pricing; product quality; concerns or perceptions regarding packaging and its environmental impact (such as single-use and other plastic packaging); and concerns or perceptions regarding the nutrition profile and health effects of, or location of origin of, ingredients or substances in our products or packaging, including due to the results of third-party studies (whether or not scientifically valid). Concerns with any of the foregoing could lead consumers to reduce or publicly boycott the purchase or consumption of our products. Pandemics, epidemics or other disease outbreaks, such as COVID-19, and geopolitical events, international trade relations and tariffs, wars and other military conflicts have also impacted and could continue to impact consumer preferences and demand for our products. Consumer preferences are also influenced by perception of our brand image or the brand images of our products, the success of our advertising and marketing campaigns, our ability to engage with our consumers in the manner they prefer, including through the use of digital media or assets, and the perception of our use of social media and our response to political and social issues, geopolitical events, wars and other military conflicts or catastrophic events. These and other factors have reduced and could continue to reduce consumers’ willingness to purchase certain of our products, including as a result of public boycotts. Any inability on our part to anticipate or react to changes in consumer preferences and trends, or make the right strategic investments to do so, including investments in data analytics to understand consumer trends, can lead to reduced demand for our products, lead to inventory write-offs or erode our competitive and financial position, thereby adversely affecting our business and preventing us from gaining market share and achieving long-term profitability. In addition, our business operations, including our supply chain, are subject to disruption by geopolitical events, international trade relations and tariffs, wars and other military conflicts, natural disasters, pandemics, epidemics or other events beyond our control that could negatively impact product availability and decrease demand for our products.

We may experience a reduced demand for some of our products due to health concerns (including obesity) and legislative initiatives against sweetened beverages.

Consumers are concerned about health and wellness; public health officials and government officials are increasingly vocal about obesity and its consequences. There has been a trend among some public health advocates and dietary guidelines to recommend a reduction in sweetened beverages, as well as increased public scrutiny, new taxes on sugar-sweetened beverages (see also the risk factor captioned “Our effective tax rate or taxes aimed at our products can adversely affect our business or financial performance” for more information), and additional governmental regulations concerning the marketing and labelling/packing of the beverage industry. Additional or revised regulatory requirements, whether labelling, tax or otherwise, could have a material adverse effect on our financial condition and results of operations. Further, increasing public concern with respect to sweetened beverages could reduce demand for our beverages and increase desire for more low-calorie soft drinks, water, enhanced water, coffee-flavored beverages, tea, and beverages with natural sweeteners. We are continuously working to reduce calories and sugar in our products while launching additional products, to pair with existing brand extensions that round out our portfolio. However, there is no guarantee that our product lines will meet consumer expectations, shifting consumer preferences, or regulatory developments.

Our reliance on distributors, retailers and brokers could affect our ability to efficiently and profitably distribute and market our products, maintain our existing markets and expand our business into other geographic markets.

Our ability to maintain and expand our existing markets for our products, and to establish markets in new geographic distribution areas, is dependent on our ability to establish and maintain successful relationships with reliable distributors, retailers and brokers strategically positioned to serve those areas. Most of our distributors, retailers and brokers sell and distribute competing products and our products may represent a small portion of their businesses. The success of this network will depend on the performance of the distributors, retailers and brokers of this network. Our ability to incentivize and motivate distributors to manage and sell our products is affected by competition from other beverage companies who have greater resources than we do. To the extent that our distributors, retailers and brokers are distracted from selling our products or do not employ sufficient efforts in managing and selling our products, including re-stocking the retail shelves with our products, our sales and results of operations could be adversely affected. Furthermore, such third parties' financial position or market share may deteriorate, which could adversely affect our distribution, marketing and sales activities. Our ability to maintain and expand our distribution network and attract additional distributors, retailers and brokers will depend on a number of factors, some of which are outside our control. Some of these factors include: (i) the level of demand for our brands and products in a particular distribution area; (ii) our ability to price our products at levels competitive with those of competing products; and (iii) our ability to deliver products in the quantity and at the time ordered by distributors, retailers and brokers. We may not be able to successfully manage all or any of these factors in any of our current or prospective geographic areas of distribution. Our inability to achieve success with regards to any of these factors in a geographic distribution area will have a material adverse effect on our relationships in that particular geographic area, thus limiting our ability to maintain or expand our market, which will likely adversely affect our revenues and financial results.

Supply chain challenges have impacted our ability to respond effectively or in a timely manner to increases in demand for our products and have adversely impacted our business. Supply chain constraints could cause a disruption in our ability to obtain raw materials required to manufacture our products and adversely affect our operations and financial performance.

We have experienced supply chain challenges. The disruption and increased lead times caused by labor shortages, significant raw material cost inflation, logistics issues, increased freight costs and ongoing port congestion have resulted in suppressed margins. The average cost of shipping and handling of our products during each of the years ended December 31, 2025 and 2024 was \$2.75 per case. Although we have experienced decreases in freight costs and have implemented mitigation plans to manage this risk, in our opinion there remains a volatile environment, and we will continue to monitor pricing and availability in transportation. Any increase in transportation costs (including increases in fuel costs), shipping costs or warehouse costs, port or supplier-side delays, reductions in the transportation capacity of carriers, labor strikes or shortages in the transportation industry, disruptions to the national and international transportation infrastructure, decreased warehouse availability and unexpected delivery interruptions or delays may increase the cost of, and adversely impact, our logistics and our ability to provide quality and timely service to our distributors and customers.

Furthermore, periodic and often unpredictable industry-wide shortages of raw materials, including aluminum cans, glass bottles, and the principal ingredients used in our products, such as organic ginger and cane sugar, could disrupt or delay the production of certain products and adversely affect our operations and financial performance. The prices of the principal raw materials used in our products are subject to fluctuation. We are uncertain whether the prices of any of the foregoing or any other raw materials or ingredients we utilize will rise in the future and whether we will be able to pass any of such increases on to our customers. We do not use hedging agreements or alternative instruments to manage the risks associated with securing sufficient ingredients or other raw materials. Although we regularly monitor companies 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, financial condition, results of operations, and cash flows.

Damage to our reputation or brand image can adversely affect our business.

Maintaining a positive reputation is critical to selling our products. Our reputation or brand image could be adversely impacted by a variety of factors, including: particular ingredients in our products, including concerns regarding whether certain of our products contribute to obesity and other health conditions; any product quality or safety issues, including the recall of any of our products; any failure by us or by independent contract manufacturers and suppliers with whom we do business to comply with applicable laws and regulations or ethical business practices; marketing programs, use of social media; or any failure to effectively respond to negative or inaccurate comments about us on social media or otherwise regarding any of the foregoing. Damage to our reputation or brand image could decrease demand for our products, thereby adversely affecting our business.

We have in the past, and may in the future, use social media influencers and celebrities for product promotion and marketing, which may expose us to risk that such content could contain problematic, inaccurate, or misleading product or marketing claims. These influencers and celebrities could also engage in behavior that reflects poorly on our brand. Any claims or behavior by such influencers or celebrities may be attributed to us and expose us to fines, monetary liabilities, or could harm our brand reputation all of which could have an adverse impact on our business and operations. Although we take measures to confirm that public information about our company and brand is accurate, compliant with regulations and substantiated by factual analysis and research, we may be subject to claims that such information is false or misleading. Even if such claims are disproven, any negative publicity surrounding an assertion that our marketing materials are inaccurate could cause consumers to lose confidence in the safety and quality of our products. In addition, a judgment against us could lead to further litigation and have a material adverse effect on our business, financial condition, results of operations or liquidity.

Product recalls or other issues or concerns with respect to product quality and safety can adversely affect our business and financial condition.

We have recalled, and could in the future recall, products due to product quality or safety issues, such as mislabeling, spoilage or malfunction. Product quality or safety issues could reduce consumer confidence and demand for our products, cause production, inventory and delivery disruptions, and result in increased costs (including payment of fines, judgments and legal fees, and costs associated with alternative sources of production) and damage our reputation, all of which can adversely affect our business and financial condition. Any perception or allegation (whether or not valid) of failure to maintain adequate oversight over product quality or safety can result in product recalls, litigation, government investigations or inquiries or civil, all of which may result in fines, penalties and damages. In addition, while we currently maintain insurance coverage that, subject to its terms and conditions, is intended to address costs associated with certain aspects of product recalls, this insurance coverage may not, depending on the specific facts and circumstances surrounding an incident, cover all losses or all types of claims that arise from an incident, or the damage to our reputation or brands that may result from an incident.

Any inability to compete effectively can adversely affect our business.

Our products compete against products of international beverage companies, as well as regional, local and private label and economy brand manufacturers and other competitors, including smaller companies developing and selling micro brands directly to consumers through e-commerce platforms or through retailers focused on locally sourced products. Our products compete primarily on the basis of brand recognition and loyalty, taste, quality, innovation, distribution, shelf space, advertising, and promotional activity, packaging, convenience, and the ability to anticipate and effectively respond to consumer preferences and trends. Some of our competitors have significantly more financial resources than we do. These competitors can use their resources and scale to rapidly respond to competitive pressures and changes in consumer preferences by introducing new products, changing their route to market, reducing prices or increasing promotional activities. Our business can be adversely affected if we are unable to effectively promote or develop our existing products or introduce and effectively market new products, if we are unable to improve operating efficiencies, if we are unable to effectively respond to supply disruptions, pricing pressure (including as a result of commodity inflation) or otherwise compete effectively, and we may be unable to grow or maintain sales or category share or we may need to increase capital, marketing or other expenditures. It is possible that our competitors may either respond to industry conditions or consumer trends more rapidly or effectively or resort to price competition to sustain market share, which could adversely affect our sales and profitability. See also the risk factor captioned “Changes in the retail landscape or in sales to any key customer can adversely affect our business. Increased competitor consolidations, market-place competition, particularly among branded beverage products, and competitive product and pricing pressures could impact our earnings, market share and volume growth.”

Changes in the retail landscape or in sales to any key customer can adversely affect our business. Increased competitor consolidations, market-place competition, particularly among branded beverage products, and competitive product and pricing pressures could impact our earnings, market share and volume growth.

The retail industry is impacted by the actions and increasing power of retailers, including as a result of increased consolidation of ownership resulting in large retailers or buying groups with increased purchasing power, particularly in North America, Europe and Latin America. In this changing retail landscape, retailers and buying groups have impacted and may continue to impact our ability to compete in these jurisdictions by demanding lower prices or increased promotional programs. We may be required to grant retailers price concessions that negatively impact our margins and our profitability in order to compete with larger companies with significantly greater financial resources. If we are not able to lower our cost structure adequately in response to such competitive customer pricing, and if we are not able to attract and retain a profitable customer mix and a profitable product mix, our profitability could continue to be adversely affected. Furthermore, our inability to resolve a significant dispute with customers, a change in the business conditions (financial or otherwise) of either of these customers, even if unrelated to us, a significant reduction in sales to either of them, or the loss of either of them could adversely affect our business.

The beverage industry is highly competitive. We compete with other beverage companies not only for consumer acceptance but also for shelf space in retail outlets and for marketing focus by our distributors, all of whom also distribute other beverage brands. Our products compete with all non-alcoholic beverages, most of which are marketed by companies with substantially greater financial resources than ours. Some of these competitors are placing severe pressure on independent distributors not to carry competitive sparkling brands such as ours. We also compete with regional beverage producers and “private label” soft drink suppliers.

Our direct competitors in the sparkling beverage category include traditional large beverage companies and distributors, and regional premium soft drink companies. These national and international competitors have advantages such as lower production costs, larger marketing budgets, greater financial and other resources and more developed and extensive distribution networks than ours. We may not be able to grow our volumes or maintain our selling prices, whether in existing markets or as we enter new markets.

Increased competitor consolidations, market-place competition, particularly among branded beverage products, and competitive product and pricing pressures could impact our earnings, market share and volume growth. If, due to such pressure or other competitive threats, we are unable to sufficiently maintain or develop our distribution channels, we may be unable to achieve our current revenue and financial targets. As a means of maintaining and expanding our distribution network, we intend to introduce product extensions and additional brands. We may not be successful in doing this, or it may take us longer than anticipated to achieve market acceptance of these new products and brands, if at all. Other companies may be more successful in this regard over the long term. Competition, particularly from companies with greater financial and marketing resources than ours, could have a material adverse effect on our existing markets, as well as on our ability to expand the market for our products.

We may face difficulties as we expand our operations into new markets in which we have no prior operating experience.

As we work to grow our brand, we intend to enter into new markets, including eventually expanding into countries other than those in which we currently operate, including our recent expansion into new geographic markets in the Asia-Pacific region. It may be difficult for us to understand and accurately predict taste preferences and purchasing habits of consumers in these new geographic markets. We will also face increased competition with larger competitors who have stronger established brands in such markets. The political, legal and social systems of certain territories pose difficult challenges related to establishing and maintaining control and ownership of our brand and intellectual property, as well as mitigating the risk of diverted sales to other territories and/or sales diverted into the U.S. It is also costly to establish, develop and maintain international operations and develop and promote our brands in international markets and we may face adverse tax consequences, tariffs, and barriers to trade. As we expand our business into new countries, we may encounter regulatory, legal, personnel, technological and other difficulties that increase our expenses and/or delay our ability to become profitable and compete effectively in such countries, which may have a material adverse effect on our business and brand.

Our performance significantly depends on the contributions of key personnel. If we lose key personnel, our operations and ability to manage our business may be affected.

Our performance significantly depends on the contributions of our executive officers and key employees, both individually and as a group and our ability to retain and motivate them. Certain of our officers and key personnel have many years of experience with us and in our industry and it may be difficult to replace them. If we lose key personnel, our operations and ability to manage our business may be affected.

Failure to attract, develop and maintain a highly skilled and diverse workforce or effectively manage changes in our workforce can have an adverse effect on our business.

Our business requires that we attract, develop and maintain a highly skilled and diverse workforce. Our employees are highly sought after by our competitors and other companies and our continued ability to compete effectively depends on our ability to attract, retain, develop and motivate highly skilled personnel for all areas of our organization. Our ability to do so has been and may continue to be impacted by challenges in the labor market, which has experienced and may continue to experience wage inflation, labor shortages, increased employee turnover, changes in availability of our workforce and changing worker expectations regarding flexible work models. Any unplanned turnover or failure to attract, develop and maintain a highly skilled and diverse workforce, can erode our competitive advantage or result in increased costs due to increased competition for employees or increased employee benefit costs.

We rely on our information technology, and a potential cyber-attack, data breach or other failure or disruption of our information technology could disrupt our operations and adversely affect our results of operations.

Our business increasingly relies on the successful and uninterrupted functioning of our information technology systems to process, transmit, and store electronic information. A significant portion of the communication between our personnel, customers, and suppliers depends on information technology. As with all large systems, our information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, telecommunication failures, user errors or catastrophic events. In addition, cybersecurity related risks including security breaches and cyber-attacks such as computer viruses, denial-of-service attacks, malicious code (including ransomware), social-engineering attacks (including phishing attacks) or other information security breaches could result in unauthorized disclosure or misappropriation of our confidential information. These threats also may be further enhanced in frequency or effectiveness through threat actors' use of artificial intelligence.

While we have security measures in place designed to protect the integrity of customer information and prevent data loss, misappropriation, and other security breaches, our information technology systems could nevertheless be penetrated by outside parties intent on extracting information, corrupting information or disrupting business processes (including for purposes of ransom demands or other forms of blackmail), particularly if our information security training and compliance programs prove to be inadequate. In addition, if our information technology systems suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, we may lose customers and suppliers and revenue and profits as a result of its inability to timely manufacture, distribute, invoice and collect payments from our customers, and could experience delays in reporting our financial results, including with respect to our operations in emerging markets. Furthermore, if we are unable to prevent security breaches, we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us or to our customers or suppliers, and we may suffer indirect economic loss if our existing insurance policies and coverage related to information security risks prove to be insufficient. Failure or disruption of our information technology systems, or the back-up systems, for any reason could disrupt our operations and negatively impact our cash flows or financial condition.

Similar risks exist with respect to our business partners and third-party providers, including suppliers, software and cloud-based service providers, that we rely upon for aspects of various business processes and activities, including procurement, supply chain, manufacturing, distribution, information technology support services and administrative functions (including payroll processing, health and benefit plan administration and certain finance and accounting functions) and the systems managed, hosted, provided and/or used by such third parties and their vendors. For example, malicious actors have employed and could continue to employ the information technology supply chain to introduce malware through software updates or compromised supplier accounts or hardware and exploit known or unknown hardware or software vulnerabilities in our systems or the systems of our vendors and third-party service providers. The need to coordinate with various third-party service providers, including with respect to timely notification and access to personnel and information concerning an incident, may complicate our efforts to address issues that arise. As a result, we are subject to the risk that the activities associated with our third-party service providers can adversely affect our business even if the attack or breach does not directly impact our systems or information.

Cyberattacks and other cyber incidents are occurring more frequently, the techniques used to gain access to information technology systems and data, disable or degrade service or sabotage systems are constantly evolving and becoming more sophisticated in nature and are being carried out by groups and individuals with a wide range of expertise and motives. In addition, the rapid evolution and increased adoption of artificial intelligence technologies may increase our cybersecurity risks, including generative artificial intelligence augmenting threat actors' technological sophistication to enhance existing or create new malware. We have not experienced a cyber security breach; however, a breach could have a material adverse effect on us in the future.

Failure to comply with personal data protection and privacy laws can adversely affect our business.

We are subject to a variety of continuously evolving and developing laws and regulations in numerous jurisdictions regarding personal data protection and privacy laws. These laws and regulations may be interpreted and applied differently from country to country or, within the United States, from state to state, and can create inconsistent or conflicting requirements. For example, the California Consumer Privacy Act, which was significantly modified by the California Privacy Rights Act, as well as comprehensive privacy legislation in Virginia, Colorado, Utah and Connecticut that became effective in 2023, as well as the European Union's General Data Protection Regulation (GDPR), the U.K. General Data Protection Regulation (which implements the GDPR into U.K. law) and China's Personal Information Protection Act, impose significant costs and challenges that are likely to continue to increase over time, particularly as additional jurisdictions continue to adopt similar regulations. Failure to comply with these laws and regulations or to otherwise protect personal data from unauthorized access, use or other processing, have in the past and could in the future result in litigation, claims, legal or regulatory proceedings, inquiries or investigations, damage to our reputation, fines or penalties, all of which can adversely affect our business.

Risks Related to Legal, Tax and Regulatory Matters

Our effective tax rate or taxes aimed at our products can adversely affect our business or financial performance.

Tax rates at the federal, state and local levels may be subject to significant change. If our effective tax rate increases, our operating results and cash flow could be adversely affected. Our effective income tax rate can vary significantly between periods due to a number of complex factors including, but not limited to, projected levels of taxable income in each jurisdiction, tax audits conducted and settled by various tax authorities, and adjustments to income taxes upon finalization of income tax returns.

In addition, certain jurisdictions in which our products are sold have either imposed, or are considering imposing, new or increased taxes on the manufacture, distribution or sale of certain of our products, as a result of ingredients contained in our products. These taxes vary in scope and form: some apply to all beverages, including non-caloric beverages, while others apply only to beverages with a caloric sweetener (e.g., sugar). Similarly, some measures apply a single tax rate per ounce/liter on beverages containing over a certain amount of added sugar (or other sweetener), some apply a graduated tax rate depending upon the amount of added sugar (or other sweetener) in the beverage and others apply a flat tax rate on beverages containing any amount of added sugar (or other sweetener). These tax measures, whatever their scope or form, have in the past and could continue to increase the cost of certain of our products, reduce overall consumption of our products or lead to negative publicity, resulting in an adverse effect on our business and financial performance.

Limitations on the marketing or sale of our products can adversely affect our business and financial performance.

Certain jurisdictions in which our products are sold or may be sold have either imposed, or are considering imposing, limitations on the marketing or sale of our products as a result of ingredients or substances in our products or product packaging. These limitations require that we highlight perceived concerns about a product or product packaging, warn consumers to avoid consumption of certain ingredients or substances present in our products, restrict the age of consumers to whom products are marketed or sold, limit the location in which our products may be available or discontinue the use of certain ingredients or packaging. Certain jurisdictions have imposed or are considering imposing color-coded labelling requirements where colors such as red, yellow and green are used to indicate various levels of a particular ingredient, such as sugar, sodium or saturated fat, in products. The imposition or proposed imposition of additional limitations on the marketing or sale of our products has in the past reduced and could continue to reduce overall consumption of our products, lead to negative publicity or leave consumers with the perception that our products do not meet their health and wellness needs, resulting in an adverse effect on our business and financial performance.

Furthermore, the marketing and labeling of any food product in recent years has brought increased risk that consumers will bring class action lawsuits and that the U.S. Federal Trade Commission (“FTC”) and/or state attorneys general will bring legal action concerning the truth and accuracy of the marketing and labeling of the product, seek removal of a product from the marketplace, and/or impose fines and penalties. Products that we sell carry claims as to their ingredients or health and wellness related attributes, including the term “natural” or other express or implied statements relating to the ingredients or health and wellness related attributes of our products. Although the U.S. Food and Drug Administration (“FDA”) and the U.S. Department of Agriculture (“USDA”) each has issued statements regarding the appropriate use of the word “natural,” there is no single, official U.S. government regulation defining the term “natural” for use in the food industry, which is true for many other label statements in the better-for-you and functionally-focused food industry. The lack of regulatory definition for “natural” and other label statements has contributed to legal challenges against many consumer products companies, and plaintiffs have commenced legal actions against several food companies that market “natural” products and/or product ingredients, asserting false, misleading and deceptive advertising and labeling claims, including claims related to genetically modified ingredients. In limited circumstances, the FDA has taken regulatory action against products labeled “natural” that contain synthetic ingredients, chemicals, processing and/or components. As a result of such legal or regulatory challenges, consumers may avoid purchasing products from us or seek alternatives, even if the basis for the claim is unfounded.

Laws and regulations related to the use or disposal of plastics or other packaging materials can adversely affect our business and financial performance.

We rely on diverse packaging solutions to safely deliver products to our customers and consumers. Certain of our products are sold in packaging designed to be recyclable, commercially compostable, biodegradable or reusable. However, not all packaging is recovered, whether due to lack of infrastructure, improper disposal or otherwise, and certain of our packaging is not currently recyclable, commercially compostable, biodegradable or reusable. Packaging waste not properly disposed of that displays one or more of our brands has in the past resulted in and could continue to result in negative publicity, litigation, government investigations or other action or reduced consumer demand for our products, adversely affecting our financial performance. Many jurisdictions in which our products are sold have imposed or are considering imposing laws, regulations or policies intended to encourage the use of sustainable packaging, waste reduction, increased recycling rates or decreased use of single-use plastics or to restrict the sale of products utilizing certain packaging. These laws, regulations and policies vary in form and scope and include extended producer responsibility policies, plastic or packaging taxes, minimum recycled content requirements, restrictions on certain products and materials, restrictions or bans on the use of certain types of packaging, including single-use plastics and packaging containing PFAS, restrictions on labelling related to recyclability, requirements to charge deposit fees and requirements to scale reusable or refillable packaging. For example, the European Union and certain states in the United States, among other jurisdictions, have imposed a minimum recycled content requirement for beverage bottle packaging and similar legislation is under consideration in other jurisdictions. These laws and regulations have in the past increased and could continue to increase the cost of our products, impact demand for our products, result in negative publicity and require us and our business partners, including our independent co-packers, to increase capital expenditures to invest in reducing the amount of virgin plastic or other materials used in our packaging, to develop alternative packaging or to revise product labelling, all of which can adversely affect our business and financial performance.

Our manufacturing process is not patented.

None of the manufacturing processes used in producing our products are subject to a patent or similar intellectual property protection. Our only protection against a third-party using our recipes and processes is confidentiality agreements with the companies that produce our beverages and with our employees who have knowledge of such processes. If our competitors develop substantially equivalent proprietary information or otherwise obtain access to our knowledge, we will have greater difficulty in competing with them for business, and our market share could decline.

If we are unable to adequately protect our intellectual property rights, or if we are found to infringe on the intellectual property rights of others, our business can be adversely affected.

We possess intellectual property rights that are important to our business, including ingredient formulas, trademarks, copyrights, business processes and other trade secrets. The laws of various jurisdictions in which we operate have differing levels of protection of intellectual property. Our competitive position and the value of our products and brands can be reduced and our business adversely affected if we fail to obtain or adequately protect our intellectual property, including our ingredient formulas, or if there is a change in law that limits or removes the current legal protections afforded our intellectual property.

We cannot assure you that the steps we have taken to protect our intellectual property rights are adequate, that our intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. Failure to protect our rights could also prevent us from entering into new markets or territories in the future. Moreover, intellectual property disputes, proceedings, misappropriation or infringement claims may result in a significant distraction for management, diversion of resources, and significant expense, which may not be recoverable regardless of whether we are successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force us to cease use of certain trademarks or other intellectual property or force us to enter into licenses with others. Any one of these occurrences may have an adverse effect on our business, financial condition and results of operations.

Also, in the course of developing new products or improving the quality of existing products, we could in the future infringe or be alleged to infringe, on the intellectual property rights of others. Such infringement or allegations of infringement could result in expensive litigation and damages, damage to our reputation, disruption to our operations, injunctions against development, manufacturing, use and/or sale of certain products, inventory write-offs or other limitations on our ability to introduce new products or improve the quality of existing products, resulting in an adverse effect on our business.

Failure to comply with applicable laws and regulations can adversely affect our business.

The conduct of our business is subject to numerous laws and regulations relating to the production, storage, distribution, sale, display, advertising, marketing, labelling, content (including whether a product contains genetically engineered ingredients), quality, safety, transportation, supply chain, traceability, sourcing (including pesticide use), packaging, disposal, recycling and use of our products or raw materials, employment and occupational health and safety, environmental, social and governance matters and reporting (including climate change), machine learning and artificial intelligence and data privacy and protection. The imposition of new laws, changes in laws or regulatory requirements or changing interpretations thereof, changes in the enforcement priorities of regulators, and differing or competing regulations and standards across the markets where our products or raw materials are made, manufactured, distributed or sold, have in the past and could continue to result in higher compliance costs, capital expenditures and higher production costs, resulting in adverse effects on our business. For example, increasing governmental and societal attention to environmental, social and governance matters has resulted and could continue to result in new laws or regulatory requirements, including expanded disclosure requirements that are expected to continue to expand the nature, scope and complexity of matters on which we are required to report. In addition, the entry into new markets or categories has resulted in and could continue to result in our business being subject to additional regulations resulting in higher compliance costs. If one jurisdiction imposes or proposes to impose new laws or regulations that impact the manufacture, distribution or sale of our products, other jurisdictions may follow. Failure to comply with such laws or regulations (or allegations thereof) can subject us to criminal or civil investigations or enforcement actions, including voluntary and involuntary document requests, fines, injunctions, product recalls, penalties, disgorgement of profits or activity restrictions, all of which can adversely affect our business.

Potential liabilities and costs from litigation, claims, legal or regulatory proceedings, inquiries or investigations inherent in our business can have an adverse impact on our business.

We have been party to a variety of litigation, claims, legal or regulatory proceedings, inquiries and investigations, including but not limited to disputes with our contractors, matters related to our ingredients, personal injury and employment, matters. These matters are uncertain and there is no guarantee that we will be successful in defending ourselves or that our assessment of the materiality of these matters and the likely outcome or potential losses and established reserves will be consistent with the ultimate outcome of such matters. Responding to these matters, even those that are ultimately non-meritorious, requires us to incur significant expense and devote significant resources, and may generate adverse publicity that damages our reputation or brand image. Any of the foregoing can adversely affect our business.

Regulations concerning our alcohol beverages may adversely affect our business, financial condition or results of operations.

Governmental agencies heavily regulate the alcohol beverage industry. In particular, they monitor and regulate licensing, warehousing, trade and pricing practices, permitted and required labelling, including warning labels, signage, advertising, relations with wholesalers and retailers, and, in control states, product listings. There may also be a focus on companies with established non-alcohol beverages lines of business that have expanded into the alcohol beverage industry, since marketing practices that are acceptable in the non-alcohol space may have regulatory challenges in the alcohol space. In addition, other countries in which we may sell alcohol beverages could impose duties, excise taxes and/or other related taxes. If, in the future, we are unable to comply with certain regulations, sales of our products could decrease significantly. Additionally, if such agencies or jurisdictions, foreign or domestic, choose to implement new or revised laws, regulations, fees, taxes, or other such requirements, our business could be adversely affected. If such governmental bodies require increased additional product labelling, warning requirements, or limitations on the marketing or sale of our alcohol products due to their contents or allegations concerning their potential to cause adverse health effects, our sales of alcohol beverages may be adversely affected.

We are subject to international regulations that could adversely affect our business and results of operations.

We are subject to regulations internationally where we distribute and/or will sell our products. Our products are subject to numerous laws and regulations relating to the sourcing, manufacturing, storing, labeling, marketing, advertising and distribution of these products. If regulators determine that the labeling and/or composition of any of our products is not in compliance with laws or regulations in any jurisdictions in which we operate or may enter in the future, or if we or our contract manufacturers otherwise fail to comply with applicable laws and regulations in any jurisdictions in which we operate or may enter in the future, we could be subject to civil remedies or penalties, such as fines, injunctions, recalls or seizures, warning letters, restrictions on the marketing or manufacturing of the products, or refusals to permit the import or export of products, as well as potential criminal sanctions. In addition, enforcement of existing laws and regulations, changes in legal requirements and/or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect our business, financial condition or operating results. In addition, if we expand our international operations, we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws, which generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials or other third parties for the purpose of obtaining or retaining business. While our policies mandate compliance with these anti-bribery laws, our internal control policies and procedures may not protect us from reckless or criminal acts committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business, impact our reputation, and result in a material adverse effect on our results of operations, cash flows and financial condition.

Risks Related to Environmental Matters

Significant changes to or failure to comply with various environmental laws may expose our co-packers to liability or cause them to close, relocate or operate at reduced production levels, which could adversely affect our business, financial condition and results of operations.

Our co-packers are subject to a wide and increasingly broad array of federal, state, regional, local, and international environmental laws, including statutes and regulations, which aim to regulate emissions and impacts to air, land, and water. Their operations may result in odors, noise, or other pollutants being emitted. Failure to comply with any environmental laws or any future changes to them could result in alleged harm to employees or others near facilities. Significant costs to satisfy environmental compliance, remediation or compensatory requirements, or the imposition of penalties or restrictions on operations by governmental agencies or courts may adversely affect our business, financial condition, and results of operations. Increasing concern over sustainability matters, including climate change, will likely result in new or revised laws and regulations aimed at reducing or mitigating the potential effects of greenhouse gases, restricting or increasing the costs of commercial water use due to local water scarcity concerns, or increasing mandatory reporting of certain sustainability metrics, such as recycling.

Water scarcity and poor quality could negatively impact our costs and capacity.

Water is a main ingredient in substantially all of our products, it is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. Lack of available water of acceptable quality, actions by governmental and non-governmental organizations, investors, customers and consumers on water scarcity and increasing pressure to conserve and replenish water in areas of scarcity and stress, including due to the effects of climate change, can lead to: supply chain disruption; adverse effects on our operations or the operations of our business partners; higher compliance costs; increased capital expenditures; higher production costs, including less favorable pricing for water; perception of our failure to act responsibly with respect to water use or to effectively respond to legal or regulatory requirements concerning water scarcity; or damage to our reputation, any of which can adversely affect our business.

Climate change and legal or regulatory responses thereto may have a long-term adverse impact on our business and results of operations.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability or increase the cost of key agricultural commodities, which are important sources of ingredients for our products, and could impact the food security of communities around the world. Agricultural products that make up a significant portion of our raw materials, including organic ginger and cane sugar, are particularly vulnerable to changing weather patterns. Unpredictability and reduced agricultural yields could significantly increase our costs and impair our production capabilities. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions, which could limit water availability for our independent co-packers. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our supply chain or impact demand for our products. Increasing concern over climate change also may result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. Increased energy or compliance costs and expenses due to increased legal or regulatory requirements may cause disruptions in, or an increase in the costs associated with, the manufacturing and distribution of our beverage products. There is an increased focus in many jurisdictions in which our products are manufactured, distributed or sold regarding environmental policies relating to climate change, biodiversity loss, regulating greenhouse gas emissions and energy policies and sustainability. This increased focus may result in new or increased legal and regulatory requirements, such as potential carbon pricing programs or revised product labelling requirements or other regulatory measures, which could result in significant increased costs. The effects of climate change and legal or regulatory initiatives to address climate change could have a long-term adverse impact on our business and results of operations.

Risks Related to Ownership of Our Common Stock and General Matters

The market price of our common stock has been and may continue to be volatile or may decline regardless of our operating performance.

The market price of our common stock is likely to be volatile and could fluctuate widely in response to many factors, including but not limited to:

- volatility and instability in the financial and capital markets;
- adverse macroeconomic conditions or geopolitical events, including international trade relations and tariffs, high levels of inflation, heightened interest rates, and geopolitical tensions such as the conflicts between Ukraine and Russia and in the Middle East;
- announcements relating to our existing and new products;
- announcements by competitors that impact our competitive outlook;
- developments with respect to intellectual property rights;
- announcements relating to strategic transactions, including acquisitions, collaborations, or similar arrangements;
- actual or anticipated variations in our operating results due to the level of development expenses and other factors;
- changes in financial estimates by equities research analysts and whether our earnings (or losses) meet or exceed such estimates;
- announcement or expectation of additional financing efforts and receipt, or lack of receipt, of funding in support of conducting our business;
- sales of our common stock by us, our insiders, or other stockholders, or issuances by us of shares of our common stock in connection with strategic transactions;
- conditions and trends in our industry;
- recruitment and departures of key personnel;
- litigation or arbitration;
- general economic, political, and market conditions and other factors; and
- the occurrence of any of the risks described in this section titled “Risk Factors.”

In addition, if the stock market for beverage companies, or the stock market generally, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. Stock prices of many beverage companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. As a result of these and other factors, you may be unable to sell your shares of our common stock at or above the price you paid. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

Our principal stockholders own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

Our holders of 5% or more of our capital stock and their respective affiliates beneficially hold a significant percentage of our outstanding common stock, including D&D, our controlling stockholder. As of the date of this Annual Report on Form 10-K, D&D and its affiliates beneficially own approximately 57% of our common stock. These stockholders, acting together, would be able to control the outcome of all matters requiring stockholder approval. For example, these stockholders would be able to control the outcome of elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This level of control may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders. The significant concentration of stock ownership may adversely affect the trading price of our common stock due to investors' perception that conflicts of interest may exist or arise. In addition, if these principal stockholders sell a substantial number of shares of our common stock in the public market, the market price of our common stock could be adversely impacted. The perception among the public that these sales will occur could also contribute to a decline in the market price of our common stock.

Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. Pursuant to certain registration rights agreements, we have registered shares of our common stock sold in private transactions for resale, including shares of common stock held by D&D, our controlling stockholder. In addition, we have filed, and may file in the future, registration statements on Form S-8 under the Securities Act of 1933, as amended (the "Securities Act"), registering the issuance of shares of common stock subject to options or other equity awards issued or reserved for future issuance under our equity plans. Shares registered under the registration statement on Form S-8 will be available for sale in the public market subject to vesting arrangements and exercise of options, and the restrictions of Rule 144 in the case of our affiliates. If these additional shares of common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. However, future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of outstanding options or warrants, or the perception that such sales may occur, could adversely affect the market price of our common stock.

Our largest stockholder's preemptive right could dissuade a strategic investor from making an investment in the Company.

Our largest stockholder, D&D, holds a preemptive right to purchase its pro-rata share, based on the ratio of shares of our common stock it owns to all the outstanding shares of our common stock, of any investment in our equity securities or equity-linked securities. As such, D&D's exercise of its preemptive right could serve to dissuade a new strategic investor from proposing an investment in us or significantly decrease the size of a new investor's investment.

We do not intend to pay dividends for the foreseeable future and, as a result, stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock.

We do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. In addition, the terms of the Senior Secured Facility restrict our ability to pay dividends. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Our second amended and restated bylaws (the “Bylaws”) designate the Delaware Court of Chancery or Delaware state or United States federal district courts as the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit such stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, other employees or other stockholders.

Our Bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of claims or causes of action under Delaware statutory or common law: any derivative claims or causes of action brought on our behalf; any claims or causes of action asserting a breach of a fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law (the “DGCL”), our certificate of incorporation, or our Bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. In addition, our Bylaws provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. These choice of forum provisions will not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Such provisions are intended to benefit and may be enforced by us and our officers and directors, employees and agents.

These provisions may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. These choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits with respect to such claims or make such lawsuits more costly for stockholders, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. If a court were to find either choice of forum provisions contained in our Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

Global economic uncertainty and unfavorable global economic conditions caused by political instability, changes in trade agreements and conflicts, such as the Russia-Ukraine conflict and conflict in the Middle East, could adversely affect our business, financial condition, results of operations or prospects.

Our business, financial condition, results of operations or prospects could be adversely affected by unstable economic and political conditions within the United States and foreign jurisdictions, including as a result of an economic downturn and geopolitical events, such as changes in U.S. federal policy that affect the geopolitical landscape. Changes to policy implemented by the U.S. Congress, the Trump administration or any new administration have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. The recent announcements of substantial new tariffs and other restrictive trade policies have created a dynamic and unpredictable trade landscape, which may adversely impact our business. Current or future tariffs or other restrictive trade measures may raise the costs of raw materials, components or finished goods, which may adversely impact both our product offerings and our operational expenses. Such cost increases may reduce our margins and require us to increase prices, which could harm our competitive position, reduce customer demand and damage customer relationships. Our manufacturers, suppliers and distribution channels are also affected by the current trade environment, and we may experience supply chain disruptions as a result of increased costs and uncertainty, as well as risks to the long-term viability of key vendors, which may impact our ability to meet customer demand or manage inventory efficiently. Tariff and other trade-related cost pressures and supply chain disruptions may lead to reputational harm if we are unable to deliver products or services on expected timelines or if any price increases are poorly received by customers or business partners.

Political tensions as a result of trade policies could reduce trade volume, investment, technological exchange and other economic activities between major international economies, resulting in a material adverse effect on global economic conditions and the stability of global financial markets. Any changes in political, trade, regulatory, and economic conditions, including U.S. trade policies, could have a material adverse effect on our financial condition or results of operations. We have experienced, and may continue to experience, moderate inflationary impact because of recent trade and political tensions, include tariff discussions, between the United States and other countries. Ongoing tariff, trade restrictions and macroeconomic uncertainty has and may continue to contribute to volatility in the price of our common stock. Ongoing uncertainty regarding trade policies may also complicate our short- and long-term strategic planning, and that of our partners and customers, including decisions regarding hiring, product strategy, capital investment, supply chain design and geographic expansion.

While we continue to monitor trade developments, the ultimate impact of these risks remains uncertain and any prolonged economic downturn, escalation in trade tensions, or deterioration in international perception of U.S.-based companies could materially and adversely affect our business, results of operations, financial condition and prospects.

In addition, the current military conflict between Russia and Ukraine and the armed conflicts in Israel, the Gaza Strip, and Iran could disrupt or otherwise adversely impact our operations and those of third parties upon which we rely. Related sanctions, export controls or other actions that may be initiated by nations including the United States, the EU or Russia (e.g., potential cyberattacks, disruption of energy flows, etc.) or an increase in the price of fuel as a result of such conflicts could adversely affect our business and/or our supply chain and other third parties with which we conduct business. A severe or prolonged economic downturn or political unrest could result in a variety of risks to our business, including but not limited to weakened demand for our products and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our services. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current political and economic climate and financial market conditions could adversely impact our business.

Changes in economic conditions can adversely impact our business.

Many of the jurisdictions in which our products are sold have experienced and could continue to experience uncertain or unfavorable economic conditions, such as high inflation and adverse changes in interest rates, tax laws or tax rates, including as a result of geopolitical events. These uncertain or unfavorable economic conditions have resulted in and could continue to result in recessions or economic slowdowns; volatile commodity markets; labor shortages; highly inflationary economies; and stimulus measures. In 2025, we experienced moderate inflation. In addition, we cannot predict how current or future economic conditions will affect our business partners, including financial institutions with whom we do business, and any negative impact on any of the foregoing may also have an adverse impact on our business. Furthermore, if our business continues to grow, we may continue to expand our international operations, and our exposure to foreign currency exchange rate risk could increase. Fluctuations in exchange rates, including as a result of inflation, central bank monetary policies, currency controls or other currency exchange restrictions or geopolitical instability could have an adverse impact on our financial performance.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We are subject to the periodic reporting requirements of the Exchange Act. We have designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

However, any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

There is currently a limited public market for our common stock, a trading market for our common stock may never develop, and our common stock prices may be volatile and could decline substantially.

Although our common stock was listed on the NYSE American for trading beginning on December 5, 2025, an active trading market for our common stock may not be sustained in the future. As a result of these and other factors, investors may be unable to resell shares of our common stock at or above the price for which they purchased them, at or near quoted bid prices, or at all. Further, an inactive market may also impair our ability to raise capital by selling additional equity in the future, and may impair our ability to enter into strategic partnerships or acquire companies or products by using shares of our common stock as consideration.

Our failure to meet the continued listing requirements of NYSE American could result in a de-listing of our common stock.

We may fail to satisfy the continued listing requirements of NYSE American, such as the corporate governance requirements or the minimum stock price requirement, and the 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 jeopardize our ability to meet or maintain NYSE American's minimum bid price requirement, resulting in de-listing. Such a de-listing or the announcement of such 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 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 taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the NYSE American minimum listing requirements or prevent future non-compliance with the NYSE American listing requirements.

We are a "controlled company" within the meaning of the NYSE American rules and, as a result, qualify for, and may rely on, exemptions and relief from certain corporate governance requirements. If we rely on these exemptions, our stockholders will not have the same protections afforded to stockholders of companies that are subject to such requirements.

We are a "controlled company" within the meaning of the NYSE American corporate governance standards. Under these corporate governance standards, a company of which more than 50% of the voting power in the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements. For example, controlled companies are not required to have:

- a board that is composed of a majority of "independent directors," as defined under the NYSE American rules;
- a compensation committee that is composed entirely of independent directors; and
- director nominations be made, or recommended to the full board of directors, by its independent directors, or by a nominations/governance committee that is composed entirely of independent directors.

As a "controlled company" within the meaning of the NYSE American rules, we are permitted to rely on, and may elect to utilize, one or more of the exemptions from certain corporate governance standards of the NYSE American for as long as we continue to qualify as a "controlled company." If we do rely on such exemptions in the future, our stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE American. Investors may find our common stock less attractive as a result of our reliance on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We are a "smaller reporting company" and we cannot be certain if the reduced reporting requirements applicable to "smaller reporting companies" will make our common stock less attractive to investors.

We are a "smaller reporting company," meaning that the market value of our stock held by non-affiliates is less than \$700.0 million and our annual revenue is less than \$100.0 million during the most recently completed fiscal year. We may continue to be a "smaller reporting company" until (i) the market value of our stock held by non-affiliates is less than \$250.0 million or (ii) our annual revenue is less than \$100.0 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than \$700.0 million as of the prior June 30.

Our designation as a "smaller reporting company," allows us to take advantage of many of the same exemptions from disclosure requirements, including presenting only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K not being required to comply with the independent auditor attestation requirements of Section 404 and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile.

The preceding risks, some of which have occurred and any of which may occur in the future, can have a material adverse effect on our business or financial performance, which in turn can affect the price of our publicly traded securities. These are not the only risks we face. There may be other risks we are not currently aware of or that we currently deem not to be material but that may become material in the future.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Risk Management

We work with a third-party vendor, which has extensive cybersecurity expertise to help protect and defend against cybersecurity threats. This vendor has advised us on material cybersecurity-related risks and is helping us establish controls designed to protect, detect, respond to, and recover from cybersecurity incidents. These controls include firewall protection, antivirus software protection, two-factor authentication enforced on all endpoints including Windows PCs and laptops, and intrusion prevention software designed to automatically block any unauthorized access attempts on our servers. Our cybersecurity controls are embedded within our overall risk management processes and technology, including a 24/7 threat monitoring system provided by the vendor.

Governance

The audit committee of our board of directors is responsible for oversight of the Company's cybersecurity and other information technology risks, controls and procedures, including the Company's plans to mitigate cybersecurity risks and to respond to data breaches. The board receives and provides feedback on regular updates from management, including from the Company's Chief Financial Officer, regarding the status of projects to strengthen internal cybersecurity, results from third-party assessments, and also discusses recent incidents at other companies and the emerging threat landscape. Our Chief Financial Officer is informed about and monitors the prevention and detection of cybersecurity incidents, with the support of our third-party cybersecurity vendor.

As of the date of this Report, we are not aware of any cybersecurity threats that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. However, the sophistication of cyber threats continues to increase, and the preventative actions we take to reduce the risk of cyber incidents and protect our systems and information may be insufficient. Accordingly, no matter how well our controls are designed or implemented, we will not be able to anticipate all security breaches, and we may not be able to implement effective preventive measures against such security breaches in a timely manner.

Item 2. Properties

We lease 5,154 square feet of office space in Norwalk, Connecticut, which serves as our principal executive office. The lease commenced December 1, 2024, and continues in effect for a period of ten years.

Item 3. Legal Proceedings

From time to time, we may be subject to actions, claims, suits and other legal proceedings arising in the ordinary course of business. Our management believes that while the results of any litigation or other legal proceedings are uncertain, we are not currently party to any material pending legal proceedings that, if determined adversely to us, would have a material adverse effect on our business, financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Common Stock was approved for listing and began trading on the NYSE American on December 5, 2025. Our symbol remains "REED". Upon effectiveness of the listing on the NYSE American, trading of the Common Stock on the OTC Markets' OTCQX Best Market terminated.

As of March 20, 2026 there were approximately 130 holders of record of our common stock. This number does not include "street name" or beneficial holders, whose shares are held of record by banks, brokers, financial institutions and other nominees.

We currently have no expectation to pay cash dividends to holders of our common stock in the foreseeable future.

Unregistered Sales of Equity Securities

None that have not previously been included on a Current Report on Form 8-K or Quarterly Report on Form 10-Q.

Equity Compensation Plans

Pursuant to the SEC's Regulation S-K Compliance and Disclosure Interpretation 106.01, the information required by this Item pursuant to Item 201(d) of Regulation S-K relating to securities authorized for issuance under the Company's equity compensation plans is located in Item 12 of Part III of this Annual Report and is incorporated herein by reference.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with 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 year ended December 31, 2025, the Company continued its focus on profitable sales growth, improving gross margin, reducing freight costs, and optimizing selling, general & 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 & 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 Jiangzhi 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 sales in the year ended December 31, 2025.

Recent Trends – Market Conditions

Although the U.S. economy continued to grow in 2025, 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 year ended December 31, 2025, the average cost of delivery and handling was \$2.75 per case, consistent with the year ended December 31, 2024. 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 December 31, 2025, 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.

Recent Developments

Underwritten Public Offering

On December 4, 2025, we entered into an underwriting agreement (the "Underwriting Agreement") with A.G.P./Alliance Global Partners, as representative of the underwriters (the "Underwriters"), pursuant to which we agreed to sell and issue to the Underwriters, in a public offering (the "Offering"), an aggregate of (i) 2,500,000 shares of common stock and (ii) warrants to purchase up to 2,500,000 shares of common stock. The Offering closed on December 8, 2025. Each share of common stock and accompanying warrant to purchase one share of common stock were sold together at a combined public offering price of \$4.00 less underwriting discounts and commissions. Additionally, the Company granted the Underwriters a 45-day option (the "Overallotment Option") to purchase up to an additional 375,000 shares of common stock and/or warrants at the public offering price, less underwriting discounts and commissions.

On December 5, 2025, the Underwriters notified us of their determination to partially exercise the Overallotment Option for warrants to purchase an aggregate of 375,000 shares of common stock. On December 12, 2025, the Underwriters notified us of their determination to exercise the remaining Overallotment Option to purchase an aggregate of 375,000 shares of common stock. All of the securities in the Offering, including the Overallotment Option, were sold by the Company.

The net proceeds to the Company from the Offering, including the partial exercise of the Overallotment Option, were approximately \$10.2 million, after deducting underwriting discounts and commissions and certain offering expenses. The Company currently intends to use the net proceeds from the Offering, together with its existing cash and cash equivalents, to fund growth initiatives, working capital and other general corporate purposes, which may include repayment of debt.

Each warrant issued in the Offering has an exercise price per share of common stock equal to \$4.50, subject to certain adjustments. The warrants are immediately exercisable upon issuance and will expire on December 8, 2030 (the “Expiration Date”), provided that the holder will be prohibited, subject to certain exceptions, from exercising the warrant for shares of the Company’s common stock to the extent that immediately after giving effect to such exercise, the holder, together with its affiliates and other attribution parties, would own more than 4.99% or 9.99% (as elected by the holder) of the total number of shares of the Company’s common stock then issued and outstanding, which percentage may be changed at the holder’s election to a higher or lower percentage not in excess of 9.99% upon 61 days’ prior notice from the holder to the Company subject to the terms of the warrants. If, and only if, there is no effective registration statement at the time of exercise, the warrants may be exercised cashlessly.

Reverse Stock Split

On October 31, 2025, the Company effected a 1-for-6 reverse stock split (the “Reverse Stock Split”) of the Company’s issued and outstanding shares of common stock. The Reverse Stock Split reduced the number of shares of the Company’s issued and outstanding common stock, as well as the number of shares subject to then-outstanding warrants and the exercise price thereof and the number of shares available for future issuance under the Company’s equity plans, the number of shares subject to such awards and purchase rights and the exercise and purchase price of, and other terms and conditions relating to, such awards and purchase rights. The conversion terms of the Preferred Stock have also been adjusted automatically such that each share of Series A Convertible Preferred Stock will be convertible into the number of shares of common stock that would have been issuable if all of the outstanding shares of Preferred Stock were converted into common stock immediately prior to the Reverse Stock Split. No fractional shares were distributed as a result of the Reverse Stock Split, and stockholders were entitled to a cash payment in lieu of fractional shares. The Reverse Stock Split did not affect the par value or total number of authorized shares of common stock. The share and per share amounts included in this Annual Report on Form 10-K have been adjusted to account for the Reverse Stock Split.

Amended Senior Secured Loan

On September 26, 2025, the Company entered into the Amended Loan Agreement governing the Senior Secured Loan with certain funds affiliated with Whitebox Advisors LLC, as lenders, and Cantor Fitzgerald Securities, as administrative agent and collateral agent. 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.

Private Placement

On September 12, 2025, we entered into a securities purchase agreement with six accredited investors for the issuance and sale in a private placement of 833,330 shares of our common stock, at a purchase price of \$6.00 per share, for aggregate gross proceeds of \$5,000 (the “September 2025 Private Placement”). The September 2025 Private Placement closed on September 15, 2025 (the “September 2025 PIPE Closing Date”).

In connection with the September 2025 Private Placement, we entered into a registration rights agreement, dated as of September 12, 2025, with the investors, pursuant to which we agreed to prepare and file a registration statement with the SEC registering the resale of the shares issued in September 2025 Private Placement. The registration statement was filed with the SEC on September 19, 2025, and declared effective on September 29, 2025.

Results of Operations – Years Ended December 31, 2025 and December 31, 2024

The following table sets forth key statistics for the years ended December 31, 2025, and 2024:

	Year Ended December 31,		Pct. Change
	2025	2024	
Gross billing (A)	\$ 40,847	\$ 44,316	-8%
Less: Promotional and other allowances (B)	6,782	6,362	7%
Net sales	\$ 34,065	\$ 37,954	-10%
Cost of goods sold	27,103	26,578	2%
% of Gross billing	66%	60%	
% of Net sales	80%	70%	
Gross profit	\$ 6,962	\$ 11,376	-39%
% of Net sales	20%	30%	
Expenses			
Delivery and handling	\$ 5,374	\$ 5,863	-8%
% of Net sales	16%	15%	
Dollar per case (\$)	2.75	2.75	
Selling and marketing	5,271	4,405	20%
% of Net sales	15%	12%	
General and administrative	11,296	9,109	24%
% of Net sales	33%	24%	
Provision for receivable with former related party	169	115	47%
% of Net sales	0%	0%	
Total Operating expenses	22,110	19,492	13%
Loss from operations	\$ (15,148)	\$ (8,116)	87%
Interest expense and other expense	\$ (694)	\$ (5,036)	-86%
Net loss	\$ (15,842)	\$ (13,152)	20%
Loss per share – basic and diluted	\$ (1.91)	\$ (9.81)	-81%
Weighted average shares outstanding – basic & diluted	8,301,904	1,340,249	519%

(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 table sets forth key statistics for the Company's sales, cost of sales, and gross margins for the years ended December 31, 2025, and 2024:

	<u>Total</u> <u>2025</u>	<u>Total</u> <u>2024</u>	<u>vs PY</u>	<u>Per Case</u> <u>2025</u>	<u>Per Case</u> <u>2024</u>	<u>vs PY</u>
Cases:						
Reed's	1,325	1,373	-3%			
Virgil's	626	760	-18%			
Total	1,951	2,133	-9%			
Gross Billing:	\$ 40,847	\$ 44,316	-8%	20.94	20.78	1%
Discounts:	\$ (6,782)	\$ (6,362)	7%	\$ (3.48)	\$ (2.98)	17%
COGS:	\$ (27,103)	\$ (26,578)	2%	\$ (13.89)	\$ (12.46)	11%
Gross Margin:	\$ 6,962	\$ 11,376	-39%	\$ 3.57	\$ 5.33	33%
as % Net Sales	20%	30%				

Sales, Cost of Sales, and Gross Margins

Gross billing decreased by 8% to \$40,847 during the year ended December 31, 2025, compared to \$44,316 during the prior year, driven by Reed's volume decline of 3%, and Virgil's volume decline of 18%. Price on our brands increased 1% to \$20.94 per case.

Discounts as a percentage of gross sales were 17% during the year ended December 31, 2025, compared to 14% in the prior year. Net sales decreased 10% during the year ended December 31, 2025, to \$34,065, compared to \$37,954 in the prior year driven by lower volumes with recurring national customers and higher promotional and other allowances.

Cost of Goods Sold

Cost of goods sold increased \$525 during the year ended December 31, 2025, as compared to the prior year. As a percentage of net sales, cost of goods sold for the year ended December 31, 2025, was 80% as compared to 70% for the prior year. The increase in cost of goods sold was primarily driven by inventory write-offs related to changes in product portfolio optimization made by new management, in an amount of \$2,013.

The total cost of goods per case increased to \$13.89 per case in the year ended December 31, 2025, from \$12.46 per case for the prior year.

Gross Margin

Gross margin was 20% for the year ended December 31, 2025, compared to 30% 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 \$489 in the year ended December 31, 2025, to \$5,374 from \$5,863 in the prior year, primarily driven by lower transportation costs. Delivery costs in the year ended December 31, 2025, were 16% of net sales and \$2.75 per case, compared to 15% of net sales and \$2.75 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 \$5,271 during the year ended December 31, 2025, compared to \$4,405 during the prior year. The increase was primarily driven by higher employee related costs and marketing expenditures. As a percentage of net sales, selling and marketing expenses were 15% of net sales during the year ended December 31, 2025, as compared to 12% 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 \$11,296 during the year ended December 31, 2025, an increase of \$2,187 over the prior year. As a percentage of net sales, general and administrative expenses were 33% during the year ended December 31, 2025, as compared to 24% during the prior year. The increase was driven by contract proceedings costs and the Company's investments in personnel and related services to support growth initiatives.

Loss from Operations

The loss from operations was \$15,148 for the year ended December 31, 2025, as compared to a loss of \$8,116 in the prior year driven by lower gross profit and higher operating expenses discussed above.

Interest and Other Expense

Interest and other expense for the year ended December 31, 2025, consisted of \$1,108 of interest expense offset by \$414 of other income. During the prior year, interest and other expense consisted of \$5,481 of interest expense offset by \$445 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 years ended December 31, 2025, and 2024:

	Year Ended December 31,	
	2025	2024
Net loss	\$ (15,842)	\$ (13,152)
EBITDA adjustments:		
Interest expense	1,108	5,481
Tax expense	(84)	111
Depreciation and amortization	206	293
Total EBITDA adjustments	\$ 1,230	\$ 5,885
EBITDA	\$ (14,612)	\$ (7,267)

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

As reflected in the financial statements included elsewhere in this Annual Report on Form 10-K, for the year ended December 31, 2025, the Company recorded a net loss of \$15,842 and used cash in operations of \$17,037. Cash used in operations was primarily from our operating losses, working capital, and investment in strategic growth initiatives. As of December 31, 2025, we had a cash balance of \$10,424 and no remaining availability under our Senior Secured Loan.

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.

On December 4, 2025, we entered into the Underwriting Agreement with the Underwriters, pursuant to which the Company agreed to sell and issue to the Underwriters, in the Offering, an aggregate of (i) 2,500,000 shares of common stock and (ii) warrants to purchase up to 2,500,000 shares of common stock. The Offering closed on December 8, 2025. Each share of common stock and accompanying warrant to purchase one share of common stock were sold together at a combined public offering price of \$4.00 less underwriting discounts and commissions. Additionally, the Company granted the Underwriters the Overallotment Option to purchase up to an additional 375,000 shares of common stock and/or warrants at the public offering price, less underwriting discounts and commissions.

On December 5, 2025, the Underwriters notified us of their determination to partially exercise the Overallotment Option for warrants to purchase an aggregate of 375,000 shares of common stock. On December 12, 2025, the Underwriters notified us of their determination to exercise the remaining Overallotment Option to purchase an aggregate of 375,000 shares of common stock. All of the securities in the Offering, including the Overallotment Option, were sold by the Company.

The net proceeds to the Company from the Offering, including the partial exercise of the Overallotment Option, were approximately \$10.2 million, after deducting underwriting discounts and commissions and certain offering expenses. The Company currently intends to use the net proceeds from the Offering, together with its existing cash and cash equivalents, to fund growth initiatives, working capital and other general corporate purposes, which may include repayment of debt.

Each warrant issued in the Offering has an exercise price per share of common stock equal to \$4.50, subject to certain adjustments. The warrants are immediately exercisable upon issuance and will expire on December 8, 2030 (the "Expiration Date"), provided that the holder will be prohibited, subject to certain exceptions, from exercising the warrant for shares of the Company's common stock to the extent that immediately after giving effect to such exercise, the holder, together with its affiliates and other attribution parties, would own more than 4.99% or 9.99% (as elected by the holder) of the total number of shares of the Company's common stock then issued and outstanding, which percentage may be changed at the holder's election to a higher or lower percentage not in excess of 9.99% upon 61 days' prior notice from the holder to the Company subject to the terms of the warrants. If, and only if, there is no effective registration statement at the time of exercise, the warrants may be exercised cashlessly.

On September 26, 2025, the Company entered into the Amended Loan Agreement governing the Senior Secured Loan with certain funds affiliated with Whitebox Advisors LLC, as lenders, and Cantor Fitzgerald Securities, as administrative agent and collateral agent. 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.

In connection with the entry into the Amended Loan Agreement, the Company repaid \$650 of the aggregate outstanding principal balance, plus accrued interest.

As of December 31, 2025, the principal amount outstanding on the Senior Secured Loan was \$9,250 and the remaining availability was \$0.

The financing agreement with Whitebox includes customary restrictions that limit our ability to engage in certain types of transactions. Additionally, the agreement contains a financial covenant that requires us to meet a certain minimum cash balance and liquidity threshold as of the end of each month. We were in compliance with the terms of our agreement with Whitebox as of 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 \$329 at December 31, 2024. For the year ended December 31, 2025, the Company incurred \$34 of additional fees, and the amortization of debt discount was \$295. The unamortized debt discount balance was \$68 at December 31, 2025. Additionally, in connection with the Amended Loan Agreement, the Company incurred \$40 of direct costs, which were expensed.

On September 15, 2025, the Company completed a private placement with certain accredited investors, pursuant to which the Company issued and sold to the investors an aggregate of 833,330 common shares for total consideration of \$5,000.

Management expects that the Company's existing cash of \$10,424, cash generated from operations, and access to committed financing will be sufficient to fund the Company's operating plan, which was approved by the board of directors in February 2026, for at least twelve months from the date of issuance of the financial statements included elsewhere in this Annual Report on Form 10-K; however, if the Company's management and board of directors approve additional growth initiatives and related investment in human resources, working capital, new geographic markets, information technology, and other uses of cash, the Company may require additional funding.

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 increase sales, 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 \$17,037 for the year ended December 31, 2025, compared to \$6,124 for the year ended December 31, 2024. The increase 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 \$253 for the year ended December 31, 2025, compared to \$167 for the year ended December 31, 2024. The increase in net cash used in investing activities was primarily driven by purchases of property and equipment.

Net cash provided by financing activities totaled \$17,323 for the year ended December 31, 2025, compared to \$16,079 for the year ended December 31, 2024. The net cash provided by financing activities in the year ended December 31, 2025 was primarily driven by proceeds from the sale of common stock in two private placements and one public offering. The net cash provided by financing activities in the year ended December 31, 2024 was primarily driven by proceeds from the issuance of a SAFE agreement and two private placements.

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.

Recent Accounting Pronouncements

See Note 2 of the financial statements for a discussion of recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, Reed's is not required to provide the information required by this Item 7A.

Item 8. Consolidated Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Reed's, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Reed's, Inc. (the "Company") as of December 31, 2025 and 2024, the related statements of operations, changes in stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Inventory valuation

As of December 31, 2025, the Company's inventory totalled \$8.0 million. As explained in Note 2 to the financial statements, inventories are stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out ("FIFO") basis. The Company assesses inventory at each reporting date in order to assert that it is recorded at net realizable value. In determining net realizable value, management considers historical usage, forecasted demand in relation to inventory on hand, market conditions, and other factors.

We identified the evaluation of slow-moving and obsolete inventories at net realizable value as a critical audit matter because a high degree of auditor judgment and effort was required to evaluate the Company's ability to sell certain products.

The primary procedures we performed to address this critical audit matter included:

- We obtained management's analysis for estimated excess or obsolete inventories and evaluated the appropriateness of management's approach.
- We developed an independent expectation of the net realizable value of inventory using historic inventory activity and compared our independent expectation to the amount recorded in the financial statements.

Evaluation of the Company's liquidity

As discussed in Note 1 to the financial statements, the Company recorded a net loss of \$15.8 million and used cash in operations of \$17.0 million during the year ended December 31, 2025. Management believes that the Company's ongoing business, existing cash and credit facilities, is sufficient to fund operations for twelve months from the date of issuance of these financial statements.

We identified the evaluation of Management's assessment of the Company's ability fund its operations over the next twelve months as a critical audit matter due to the high degree of subjective auditor judgment required to evaluate the Company's forecasted cash flows used in its liquidity analysis due to uncertainty in certain assumptions, specifically forecasted sales, gross profit margins, and feasibility of the Company's expense management activities.

The primary procedures we performed to address this critical audit matter included:

- We obtained management's cash flow forecast and evaluated the reasonableness of the cash flow forecast by comparing it to historical operating results, considering management's ability to accurately forecast and perform sensitivity analysis on revenue, cash expenditures, and commitments.
- We performed sensitivity analyses on the forecasted revenue and operating margins used in the Company's cash flow forecast to evaluate the impact on the conclusions reached by management.
- We considered the Company's historical ability to raise financing and re-finance its debt, if necessary.
- We assessed the appropriateness and sufficiency of the Company's liquidity disclosures and compared to other audit evidence obtained to determine whether such information is consistent with the Company's disclosures.

We have served as the Company's auditor since 2004.

/s/ Weinberg & Company, P.A.

Weinberg & Company, P.A.
Los Angeles, California
March 25, 2026

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

	December 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash	\$ 10,424	\$ 10,391
Accounts receivable, net of allowance of \$980 and \$859, respectively	2,317	3,979
Inventory, net	8,046	8,114
Receivable from former related party	-	144
Prepaid expenses and other current assets	673	683
<i>Total current assets</i>	21,460	23,311
Property and equipment, net of accumulated depreciation of \$785 and \$636, respectively	1,231	1,185
Intangible assets	650	644
Total assets	\$ 23,341	\$ 25,140
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,496	\$ 6,956
Accrued expenses	669	984
Senior secured loan, net of capitalized financing costs of \$68 and \$329, respectively	9,182	9,571
Payable to former related party	-	144
Current portion of lease liabilities	40	-
<i>Total current liabilities</i>	13,387	17,655
Lease liabilities, less current portion	803	837
Total liabilities	14,190	18,492
Commitments and Contingencies	0	0
Stockholders' equity:		
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; 11,820,429 and 7,561,714 shares issued and outstanding, respectively	5	1
Additional paid in capital	176,783	158,437
Accumulated deficit	(167,731)	(151,884)
Total stockholders' equity	9,151	6,648
Total liabilities and stockholders' equity	\$ 23,341	\$ 25,140

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

REED'S, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2025 and 2024
(Amounts in thousands, except share and per share amounts)

	Year Ended December 31,	
	2025	2024
Net Sales	\$ 34,065	\$ 37,954
Cost of goods sold	25,090	26,301
Inventory write-offs	2,013	277
Total cost of goods sold	<u>27,103</u>	<u>26,578</u>
Gross profit	<u>6,962</u>	<u>11,376</u>
Operating expenses:		
Delivery and handling expense	5,374	5,863
Selling and marketing expense	5,271	4,405
General and administrative expense	11,296	9,109
Provision for receivable with former related party	169	115
Total operating expenses	<u>22,110</u>	<u>19,492</u>
Loss from operations	(15,148)	(8,116)
Other Income	414	445
Interest expense, net	(1,108)	(5,481)
Net loss	(15,842)	(13,152)
Dividends on Series A Convertible Preferred Stock	(5)	(5)
Net loss attributable to common stockholders	<u>\$ (15,847)</u>	<u>\$ (13,157)</u>
Loss per share – basic and diluted	<u>\$ (1.91)</u>	<u>\$ (9.81)</u>
Weighted average number of shares outstanding – basic and diluted	8,301,904	1,340,249

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

REED'S, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
For the Years Ended December 31, 2025 and 2024
(Amounts in thousands except share amounts)

	Common Stock		Preferred Stock		Additional Paid In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance, December 31, 2023	697,881	\$ -	9,411	\$ 94	\$ 119,452	\$ (138,727)	\$ (19,181)
Fair value of vested options	-	-	-	-	528	-	528
Dividends on Series A Convertible Preferred Stock	-	-	-	-	-	(5)	(5)
Issuance of shares for conversion of convertible notes payable to related party	3,746,346	1	-	-	20,231	-	20,232
Capital contribution upon conversion of notes payable	-	-	-	-	2,248	-	2,248
Common shares issued for cash	2,662,446	-	-	-	11,882	-	11,882
Common shares issued upon conversion of SAFE agreement with related entities	455,041	-	-	-	4,096	-	4,096
Net Loss	-	-	-	-	-	(13,152)	(13,152)
Balance, December 31, 2024	<u>7,561,714</u>	<u>1</u>	<u>9,411</u>	<u>94</u>	<u>158,437</u>	<u>(151,884)</u>	<u>6,648</u>
Fair value of vested options	-	-	-	-	59	-	59
Dividends on Series A Convertible Preferred Stock	-	-	-	-	-	(5)	(5)
Retirement of common shares	(25)	-	-	-	-	-	-
Common shares issued for cash in private placements	1,370,962	-	-	-	8,000	-	8,000
Common shares issued for cash in public offerings	2,875,000	4	-	-	10,172	-	10,176
Common shares issued upon conversion of SAFE agreement with related entities	12,778	-	-	-	115	-	115
Net Loss	-	-	-	-	-	(15,842)	(15,842)
Balance, December 31, 2025	<u>11,820,429</u>	<u>\$ 5</u>	<u>9,411</u>	<u>\$ 94</u>	<u>\$ 176,783</u>	<u>\$ (167,731)</u>	<u>\$ 9,151</u>

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

REED'S, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024
(Amounts in thousands)

	December 31, 2025	December 31, 2024
<i>Cash flows from operating activities:</i>		
Net loss	\$ (15,842)	\$ (13,152)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation	160	125
Gain on disposal of property & equipment	(5)	-
Amortization of debt discount	295	1,057
Fair value of vested options	59	528
Allowance for estimated credit losses	980	859
Provision for receivable with former related party	169	115
Inventory write down	2,013	277
Accrued interest on convertible note	-	3,409
Lease liability	6	(205)
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	743	(1,267)
Inventory	(1,945)	2,909
Prepaid expenses and other assets	(51)	561
Decrease in right of use assets	46	169
Accounts payable	(3,345)	(1,393)
Accrued expenses	(320)	(116)
Net cash used in operating activities	(17,037)	(6,124)
<i>Cash flows from investing activities:</i>		
Intangible asset trademark costs	(6)	(15)
Purchase of property and equipment	(272)	(152)
Sale of property and equipment	25	-
Net cash used in investing activities	(253)	(167)
<i>Cash flows from financing activities:</i>		
Proceeds from line of credit	-	29,195
Payments on the line of credit	-	(39,152)
Proceeds from sale of common stock	18,176	11,882
Proceeds from senior secured loan payable, net of expenses	-	9,524
Proceeds from convertible note payable, net of expenses	-	1,400
Proceeds received from SAFE agreement	-	4,096
Payment of note payable	(650)	-
Payment of convertible note payable	-	(514)
Amounts from former related party, net	(169)	(115)
Payment of costs recorded as debt discount	(34)	(237)
Net cash provided by financing activities	17,323	16,079
Net increase in cash	33	9,788
Cash at beginning of period	10,391	603
Cash at end of period	\$ 10,424	\$ 10,391
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 826	\$ 870
Non-cash investing and financing activities:		
Dividends on Series A Convertible Preferred Stock	\$ 5	\$ 5
Reclass SAFE agreement from accounts payable to equity	\$ 115	\$ -
Common Shares issued upon conversion of convertible notes payable	\$ -	\$ 22,480
Common Shares issued upon conversion of SAFE agreement	\$ -	\$ 4,096
Initial recognition of right of use asset and operating lease liability upon execution of new lease	\$ -	\$ 835

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

REED'S, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2025 and 2024
(In thousands, except share and per share amounts)

1. Operations and Liquidity

Reed's, Inc., (the "Company") is the owner and maker of Reed's Craft Ginger Beer, Reed's Real Ginger Ale, Reed's Classic and Stormy Mules, Reed's Hard Ginger Ales, and Virgil's Handcrafted Sodas. The Company was established in 1989 and is incorporated in the state of Delaware.

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 sales in the year ended December 31, 2025.

Liquidity

For the year ended December 31, 2025, the Company recorded a net loss of \$15,842 and used cash in operations of \$17,037. Cash used in operations was primarily from the Company's operating losses, working capital, and investment in strategic growth initiatives. As of December 31, 2025, the Company had a cash balance of \$10,424 and no remaining availability under the Company's Senior Secured Loan. In accordance with Accounting Standards Codification ("ASC") 205-40, *Going Concern*, the Company's management has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the accompanying financial statements were issued. As of the issuance date of these financial statements, management expects that the Company's existing cash of \$10,424 will be sufficient to fund the Company's current operating plan for at least twelve months from the date of issuance of these financial statements. The financial statements do not include any adjustments that might be necessary if the Company is 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.

Management expects that the Company's existing cash of \$10,424, cash generated from operations, and access to committed financing will be sufficient to fund the Company's operating plan, which was approved by the board of directors in February 2026, for at least twelve months from the date of issuance of the financial statements; however, if the Company's management and board of directors approve additional growth initiatives and related investment in human resources, working capital, new geographic markets, information technology, and other uses of cash, the Company may require additional funding.

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 the Company's operating performance and cash generated from operations, including product portfolio optimization, implementing strategies to increase sales, 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 generally accepted in the United States of America ("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.

Reverse Stock Split

On October 31, 2025, the Company effected a 1-for-6 reverse stock split (the "Reverse Stock Split") of the Company's issued and outstanding shares of common stock. The Reverse Stock Split reduced the number of shares of the Company's issued and outstanding common stock, as well as the number of shares subject to then-outstanding warrants and the exercise price thereof and the number of shares available for future issuance under the Company's equity plans, the number of shares subject to such awards and purchase rights and the exercise and purchase price of, and other terms and conditions relating to, such awards and purchase rights. The conversion terms of the Preferred Stock have also been adjusted automatically such that each share of Series A Convertible Preferred Stock will be convertible into the number of shares of common stock that would have been issuable if all of the outstanding shares of Preferred Stock were converted into common stock immediately prior to the Reverse Stock Split. No fractional shares were distributed as a result of the Reverse Stock Split, and stockholders were entitled to a cash payment in lieu of fractional shares. The Reverse Stock Split did not affect the par value or total number of authorized shares of common stock. Accordingly, all share and per share amounts for all periods presented in the consolidated financial statements have been adjusted retroactively, where applicable, to reflect the Reverse Stock Split.

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.

Accounts Receivable

Accounts receivable are generally recorded at the invoiced amounts net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Company evaluates the collectability of its trade accounts receivable based on a number of factors. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, a specific reserve for credit losses is estimated and recorded, which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential credit losses, credit losses are recorded based on the Company's historical losses and an overall assessment of past due trade accounts receivable outstanding. As of December 31, 2025 and December 31, 2024, the allowance for credit losses was \$980 and \$859, respectively.

Inventory

Inventory is stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out ("FIFO") basis. The Company regularly reviews inventory quantities on hand and records a provision for excess and obsolete inventory based primarily on its estimated forecast of product demand and its ability to sell the product(s) concerned. Demand for the Company's products can fluctuate significantly. Factors that could affect demand for the Company's products include unanticipated changes in consumer preferences, general market conditions or other factors, which may result in cancellations of advance orders or a reduction in the rate of reorders placed by customers. Additionally, management's estimates of future product demand may be inaccurate, which could result in an understated or overstated provision required for excess and obsolete inventory. During the years ended December 31, 2025, and 2024, inventory has been reduced by allowances for write-downs for inventory aggregating \$2,013 and \$277, respectively.

Property and Equipment

Property and equipment are stated at cost. Expenditures for major renewals and improvements that extend the useful lives of property and equipment or increase production capacity are capitalized, and expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is calculated using accelerated and straight-line methods over the estimated useful lives of the assets as follows:

<u>Property and Equipment Type</u>	<u>Years of Depreciation</u>
Computer hardware and software	3-5 years
Machinery and equipment	5 years
Vehicles	5 years

Management assesses the carrying value of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. For the years ended December 31, 2025 and 2024, the Company determined there were no indicators of impairment of its property and equipment.

Intangible Assets

Intangible assets are comprised of indefinite-lived brand names acquired, so classified because the Company anticipates that these brand names will contribute cash flows to the Company perpetually. Indefinite-lived intangible assets are not amortized but are assessed for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired and evaluated annually to determine whether the indefinite useful life is appropriate. As part of its impairment test, the Company first assesses qualitative factors to determine whether it is more likely than not the asset is impaired. If further testing is necessary, the Company compares the estimated fair value of its asset with its book value. If the carrying amount of the asset exceeds its fair value, as determined by its discounted cash flows, an impairment loss is recognized in an amount equal to that excess. For the years ended December 31, 2025 and 2024, the Company determined there was no impairment of its indefinite-lived brand names.

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-fulfilment. 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.

Cost of Goods Sold

Cost of goods sold comprises the costs of raw materials and packaging utilized in the manufacture of products, co-packing fees, repacking fees, in-bound freight charges, as well as certain internal transfer costs. Additionally, cost of goods sold includes direct production costs in excess of charges allocated to finished goods in production. Charges for labor and overhead allocated to finished goods are determined on a market cost basis, which may be lower than the actual costs incurred. Plant costs in excess of production allocations are expensed in the period incurred rather than added to the cost of finished goods produced. Expenses not related to the production of the Company’s products are classified as operating expenses.

Delivery and Handling Expense

Shipping and handling costs comprise purchasing and receiving, inspection, warehousing, transfer freight, and other costs associated with product distribution after manufacture and are included as part of operating expenses.

Advertising Costs

Advertising costs are expensed as incurred and are included in selling and marketing expense. Advertising costs aggregated \$126 and \$63 for the years ended December 31, 2025 and 2024, respectively.

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.

Income Taxes

The Company uses an asset and liability approach for accounting and reporting for income taxes that allows recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense.

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 year. Diluted earnings (loss) per share is computed by dividing the net income 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 years ended December 31, 2025 and 2024, the calculations of basic and diluted loss per share are the same because potential dilutive securities would have had an anti-dilutive effect. The potentially dilutive securities consisted of the following:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Warrants	2,963,215	91,549
Common stock equivalent of Series A Convertible Preferred Stock	125	125
Options	29,028	53,980
Total	<u>2,992,368</u>	<u>145,654</u>

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.

Segments

The Company's President and Chief Executive Officer is the Company's Chief Operating Decision Maker ("CODM") and evaluates performance and makes operating decisions about allocating resources based on internal financial data. The Company has determined that it operates in a single reportable segment, which consists of manufacturing carbonated beverages under Reed's and Virgil's brand names and comprises the financial results of the Company. The required segment information, including significant segment expenses, is presented at Note 15.

Concentrations

The Company's cash balances on deposit with banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250. Generally, the Company's policy is to minimize borrowing costs by immediately applying cash receipts to borrowings against its credit facility. From time to time, however, the Company may be exposed to risk for the amounts of funds held in bank accounts in excess of the FDIC limit. To minimize the risk, the Company's policy is to maintain cash balances with high quality financial institutions.

Net sales. During the year ended December 31, 2025, the Company's largest customers accounted for 21%, 15% and 14% of net sales, respectively. During the year ended December 31, 2024, the Company's largest customers accounted for 18% and 17% of net sales, respectively. For the years ending December 31, 2025 or 2024, no other customer accounted for more than 10% revenue.

Accounts receivable. 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. As of December 31, 2024, the Company had accounts receivable from two customers which comprised 20% and 17% of its net accounts receivable, respectively. At December 31, 2025 or 2024, no other customers accounted for more than 10% of accounts receivable.

The Company utilizes co-packers to produce 100% of its products. During the year ended December 31, 2025 and 2024, the Company utilized seven separate co-packers for most its production and bottling of beverage products in the United States. The Company has established relationships with these co-packers, including a former related party (see Note 13). 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 year ended December 31, 2025, the Company's largest vendor accounted for approximately 13% of all purchases. During the year ended December 31, 2024, no vendor accounted for more than 10% of all purchases. No other vendors exceeded 10% of all purchases in either period.

Accounts payable. As of December 31, 2025 and December 31, 2024, no vendor accounted for more than 10% of total accounts payable.

Foreign Currency

Cash denominated in Japanese Yen (JPY) with an aggregate US Dollar equivalent of \$131 and \$0 at December 31, 2025 and 2024, 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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
JPY:USD	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):

	December 31, 2025	December 31, 2024
Raw materials and packaging	\$ 3,951	\$ 5,144
Finished products	4,095	2,970
Total	\$ 8,046	\$ 8,114

As of December 31, 2025 and 2024, inventory was net of a reserve of \$835 and \$1,296, respectively. During the year ended December 31, 2025, the Company incurred \$2,013 of inventory charges related to changes in product portfolio optimization made by new management. During the year ended December 31, 2024 the Company incurred \$277 of inventory charges related to inventory obsolescence.

4. Property and Equipment

Property and equipment comprise the following (in thousands):

	December 31, 2025	December 31, 2024
Right-of-use assets under operating leases	\$ 832	\$ 832
Leasehold improvements	164	84
Computer hardware and software	595	553
Machinery and equipment	275	352
Vehicles	68	-
Construction in progress	82	-
Total cost	2,016	1,821
Accumulated depreciation and amortization	(785)	(636)
Net book value	\$ 1,231	\$ 1,185

Depreciation expense for the years ended December 31, 2025, and 2024 was \$160 and \$125, respectively, and amortization of right-of-use assets for the years ended December 31, 2025, and 2024 as \$46 and \$169, respectively.

During the year ended December 31, 2025, the Company sold certain equipment, with original cost of \$77 and accumulated depreciation of \$57, for \$25.

5. Intangible Assets

Intangible assets consisted of the following (in thousands):

	December 31, 2025	December 31, 2024
Brand names	\$ 576	\$ 576
Trademarks	74	68
Total	\$ 650	\$ 644

Intangible assets consist of acquired brand names, specifically Virgil’s, and costs related to trademarks. They have been assigned an indefinite life, as the Company currently anticipates that they will contribute cash flows to the Company perpetually. These indefinite-lived intangible assets are not amortized but are assessed for impairment annually and evaluated annually to determine whether the indefinite useful life remains appropriate. The Company first assesses qualitative factors to determine whether it is more likely than not that the asset is impaired. If further testing is necessary, the Company compares the estimated fair value of its asset with its book value. If the carrying amount of the asset exceeds its fair value, as determined by the discounted cash flows expected to be generated by the asset, an impairment loss is recognized in an amount equal to that excess. Based on management’s assessment, there were no indications of impairment at December 31, 2025.

During the years ended December 31, 2025, and 2024, the Company capitalized costs of \$6 and \$15, respectively, pertaining to legal and other fees incurred in applying for international trademarks for Reeds and Virgil’s brands.

6. Senior Secured Loan Payable

	December 31, 2025	December 31, 2024
Secured Convertible Note Payable	\$ 9,250	\$ 9,900
Capitalized financing costs	(68)	(329)
Total	\$ 9,182	\$ 9,571

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.

In connection with the entry into the Amended Loan Agreement, the Company repaid \$650 of the aggregate outstanding principal balance, plus accrued interest.

As of December 31, 2025 and 2024, the principal amount outstanding on the Senior Secured Loan was \$9,250 and \$9,900, respectively, and the remaining availability was \$0 and \$100, respectively.

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 us 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 December 31, 2025 and 2024.

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 \$329 at December 31, 2024. For the year ended December 31, 2025, the Company incurred \$34 of additional fees, and the amortization of debt discount was \$295. The unamortized debt discount balance was \$68 at December 31, 2025. Additionally, in connection with the Amended Loan Agreement, the Company incurred \$40 of direct costs, which were expensed.

7. Lease Liabilities

The Company determines whether a contract is, or contains, a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset during the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at lease commencement based upon the estimated present value of unpaid lease payments over the lease term. The Company leases its headquarters office, and certain office equipment and automobiles. Leases with an initial term of 12 months or less are not included on the balance sheets.

In May 2024, the Company entered into a long-term non-cancellable lease agreement for its new office facility that requires aggregate average monthly payments of \$9 beginning December 2024. The lease terminates in November 2035. The Company classified the lease as an operating lease and determined that the value of the right of use asset and lease liability at the adoption date was \$835, using a discount rate of 8.00%.

During the year ended December 31, 2024, the Company made aggregate payments of \$205 towards its operating lease liability. As of December 31, 2024, operating lease liabilities totaled \$837. During the year ended December 31, 2025, the Company made payments of \$60 towards its operating lease liability. As of December 31, 2025, operating lease liabilities totaled \$843, of which \$40 was current. The Company's right of use assets are presented as part of property and equipment (see Note 3).

During the years ended December 31, 2025, and 2024, lease costs totaled \$46 and \$134, respectively.

Future minimum lease payments under the leases are as follows (in thousands):

Years Ending December 31,	Amounts
2026	\$ 98
2027	93
2028	96
2029	109
Thereafter	781
Total payments	1,177
Less: Amount representing interest	(334)
Present value of net minimum lease payments	843
Less: Current portion	40
Non-current portion	\$ 803

8. Issuance of Common Stock

2025 Transactions

During 2024, the Company received \$115 in gross proceeds from investors pursuant to Simple Agreements for Future Equity ("SAFE") investments, which remained outstanding as of December 31, 2024. On April 3, 2025, the SAFE investments were converted to 12,778 shares of common stock.

Private Placements

On June 4, 2025, the Company completed a private placement with certain accredited investors, pursuant to which the Company issued and sold to the investors an aggregate of 537,632 shares of common stock for total consideration of \$3,000. D&D Source of Life Holding, Ltd. ("D&D"), the Company's majority stockholder (a related party), served as lead investor, participating in this transaction in the amount of \$1,000.

On September 15, 2025, the Company completed a private placement with certain accredited investors, pursuant to which the Company issued and sold to the investors an aggregate of 833,330 shares of common stock for total consideration of \$5,000.

Public Offering

On December 4, 2025, the Company entered into an underwriting agreement (the "Underwriting Agreement") with A.G.P./Alliance Global Partners, as representative of the underwriters (the "Underwriters"), pursuant to which the Company agreed to sell and issue to the Underwriters, in a public offering (the "Offering"), an aggregate of (i) 2,500,000 shares of common stock and (ii) warrants to purchase up to 2,500,000 shares of common stock. The Offering closed on December 8, 2025. Each share of common stock and accompanying warrant to purchase one share of common stock were sold together at a combined public offering price of \$4.00 less underwriting discounts and commissions. Additionally, the Company granted the Underwriters a 45-day option (the "Overallotment Option") to purchase up to an additional 375,000 shares of common stock and/or warrants at the public offering price, less underwriting discounts and commissions.

In December 2025, the Underwriters notified the Company of their determination to fully exercise the Overallotment Option to purchase an aggregate of 375,000 shares of common stock and warrants to purchase an aggregate of 375,000 shares of additional common stock. All of the securities in the Offering, including the Overallotment Option, were sold by the Company.

The net proceeds to the Company from the Offering, including the partial exercise of the Overallotment Option, were approximately \$10.2 million, after deducting underwriting discounts and commissions and certain offering expenses. The Company currently intends to use the net proceeds from the Offering, together with its existing cash and cash equivalents, to fund growth initiatives, working capital and other general corporate purposes, which may include repayment of debt.

Each warrant issued in the Offering has an exercise price per share of common stock equal to \$4.50, subject to certain adjustments. The warrants are immediately exercisable upon issuance and will expire on December 8, 2030 (the “Expiration Date”), provided that the holder will be prohibited, subject to certain exceptions, from exercising the warrant for shares of the Company’s common stock to the extent that immediately after giving effect to such exercise, the holder, together with its affiliates and other attribution parties, would own more than 4.99% or 9.99% (as elected by the holder) of the total number of shares of the Company’s common stock then issued and outstanding, which percentage may be changed at the holder’s election to a higher or lower percentage not in excess of 9.99% upon 61 days’ prior notice from the holder to the Company subject to the terms of the warrants. If, and only if, there is no effective registration statement at the time of exercise, the warrants may be exercised cashlessly.

D&D Source of Life Holding Ltd., the controlling stockholder of the Company, and its affiliated entities purchased approximately \$5.0 million of securities issued in the Offering at the public offering price.

The Offering was made pursuant to the Company’s registration statement on Form S-1 (File No. 333-291443) that was declared effective by the Securities and Exchange Commission on December 4, 2025 and a prospectus dated December 4, 2025.

2024 Transactions

During 2024, the Company received \$4,096 in gross proceeds from three significant stockholders of the Company, D&D, Union Square Park Partners LP, and John J. Bello, the Company’s former Chairman, pursuant to SAFE investments. The SAFE investments were to convert into the next equity financing of Reed’s at the lesser of \$9.00 per share or the per share price in the financing. D&D was given the right to designate a second independent director nominee to the board of directors of Reed’s and the company agreed to limit the size of its board of directors to nine (9) for so long as D&D owns 25% or more of the equity securities of the Company. The Company initially recorded the SAFE investments as a liability at \$5,490 which was reflected on its June 30, 2024 balance sheet, and reflected a loss from change in fair value of SAFE investments of \$1,393 at that date.

On September 9, 2024, the Company entered into a Securities Purchase Agreement with various purchasers for the issuance of 666,667 common shares for total consideration of \$6,000. The various purchasers also held Company SAFE investments. The total capital raise consisted of 455,201 shares of common stock valued at \$4,096 upon conversion of the SAFE investments and 211,466 common shares issued to D&D for consideration of \$1,904.

Upon conversion of the SAFE instruments during the three months ended September 30, 2024, the Company recorded a gain from change in fair value of SAFE investments of \$1,393.

Other issuances of common stock for cash

On December 30, 2024, the Company entered into a Securities Purchase Agreement with accredited investors. The Company issued 2,450,980 shares of common stock for aggregate net proceeds of \$10 million. The average price per share was \$4.08.

Common shares issued upon conversion of Notes Payable

On November 19, 2024, the Company issued 3,746,345 shares of its common stock with a fair value of \$20,232 to D&D upon conversion of outstanding convertible notes and in satisfaction of accrued interest of \$22,480. The excess of the converted value of the convertible notes and accrued interest over the fair value of the shares issued of \$2,248 was treated as a capital contribution.

9. Series A Convertible Preferred Stock

Series A Convertible Preferred Stock (the “Preferred Stock”) consists of \$10 par value, 5% non-cumulative, non-voting, participating preferred stock, with a liquidation preference of \$10.00 per share. 500,000 shares are authorized. As of December 31, 2025, and 2024, there were 9,411 shares outstanding. Each share of Preferred Stock can be converted into 0.08 shares of the Company’s common stock.

Dividends are payable at the rate of 5% annually, pro-rata and non-cumulative. The dividend can be paid in cash or, at the discretion of the Company’s board of directors, in shares of common stock based on its then fair market value. The Company cannot declare or pay any dividend on shares of the Company’s common stock until the holders of the Preferred Stock have received their annual dividend. In addition, the holders of the Preferred Stock are entitled to receive pro rata distributions of dividends on an “as converted” basis with the holders of the Company’s common stock.

In the event of any liquidation, dissolution or winding up of the Company, or if there is a change of control event as defined, the holders of the Preferred Stock are entitled to receive, prior to distributions to the holders of common stock, \$10.00 per share plus all accrued and unpaid dividends. Thereafter, all remaining assets are distributed pro rata among all security holders. Since June 30, 2008, the Company has the right, but not the obligation, to redeem all or any portion of the Preferred Stock at \$10.00 per share, the original issue price, plus all accrued and unpaid dividends.

The Preferred Stock may be converted at any time, at the option of the holder, into 0.08 shares of common stock, subject to adjustment in the event of stock splits, reverse stock splits, stock dividends, recapitalization, reclassification, and similar transactions. The Company is obligated to reserve authorized but unissued shares of common stock sufficient to affect the conversion of all outstanding shares of Preferred Stock.

Except as provided by law, the holders of the Preferred Stock do not have the right to vote on any matters, including the election of directors. However, so long as any shares of Preferred Stock are outstanding, the Company shall not, without the approval of a majority of the preferred stockholders, authorize or issue any equity security having a preference over the Preferred Stock with respect to dividends, liquidation, redemption or voting, including any other security convertible into or exercisable for any senior preferred stock.

During the years ended December 31, 2025 and 2024, the Company accrued dividends on the Preferred Stock of \$5 which is included in accrued expenses in the accompanying balance sheets. No shares of Series A preferred stock were converted into common stock in 2025 and 2024.

10. Share-Based Payments

Management believes that the ability to issue equity compensation, in order to incentivize performance by employees, directors, and consultants, is essential to the Company’s growth strategy.

On December 21, 2020, the 2020 Equity Incentive Plan (the “2020 Plan”) was approved by the Company’s shareholders. The 2020 Plan provides for the issuance of up to 50,000 shares. Options forfeited under the 2020 plan were returned to the share reserve. Options issued cannot be re-priced without shareholder approval. As of December 31, 2025, shares available for issuance under the 2020 Plan were 36,657.

The 2020 Plan permits the grant of options and stock awards to the Company’s employees, directors and consultants. The options may constitute either “incentive stock options” within the meaning of Section 422 of the Internal Revenue Code or “non-qualified stock options”. The Plan is currently administered by the board of directors. The exercise price of an option granted under the plan cannot be less than 100% of the fair market value per share of common stock on the date of the grant of the option. Options may not be granted under the plan on or after the tenth anniversary of the adoption of the plan. Incentive stock options granted to a person owning more than 10% of the combined voting power of the common stock cannot be exercisable for more than five years. When an option is exercised, the exercise is received in cash, except that the plan administrator may permit the exercise price to be paid in any combination of cash, shares of stock having a fair market value equal to the exercise price, or as otherwise determined by the plan administrator.

On April 29, 2024, the 2024 Inducement Plan (the “2024 Plan”) was approved by the compensation committee of the Company’s board of directors. The 2024 Plan provides for the issuance of up to 41,667 shares. Options forfeited under the 2024 plan are returned to the share reserve for future issuance. Options issued cannot be re-priced without shareholder approval. As of December 31, 2025, shares available for issuance under the 2024 Plan were 27,350.

The 2024 Plan permits the grant of options and stock awards to the Company’s employees, directors and consultants. The options may constitute either “incentive stock options” within the meaning of Section 422 of the Internal Revenue Code or “non-qualified stock options”. The Plan is currently administered by the board of directors. The exercise price of an option granted under the plan cannot be less than 100% of the fair market value per share of common stock on the date of the grant of the option. Options may not be granted under the plan on or after the tenth anniversary of the adoption of the plan. Incentive stock options granted to a person owning more than 10% of the combined voting power of the common stock cannot be exercisable for more than five years. When an option is exercised, the exercise price is received in cash, except that the plan administrator may permit the exercise price to be paid in any combination of cash, shares of stock having a fair market value equal to the exercise price, or as otherwise determined by the plan administrator.

Stock Options

As of December 31, 2025, the Company had issued and outstanding stock options to purchase an aggregate of 29,028 shares of common stock. The Company’s stock option activity during the years ended December 31, 2025, and 2024 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	19,196	\$ 260.75	6.75	\$ -
Issued	31,355	7.80		
Exercised	-	-		
Unvested forfeited or expired	(865)	99.75		
Vested forfeited or expired	(2,295)	277.67		
Outstanding at December 31, 2024	47,391	\$ 95.51	8.15	\$ -
Issued	-	-		
Exercised	-	-		
Unvested forfeited or expired	(6,103)	7.80		
Vested forfeited or expired	(12,260)	40.43		
Outstanding at December 31, 2025	29,028	\$ 137.22	6.08	\$ -
Exercisable at December 31, 2025	27,005	\$ 145.47	5.96	\$ -

During the year ended December 31, 2024, the Company approved options exercisable into 31,355 shares to be issued pursuant to the 2024 Plan. The stock options are exercisable at a price of \$7.80 per share and expire in ten years. The total fair value of these options at grant date was approximately \$253, which was determined using a Black-Scholes-Merton option pricing model with the following average assumption: stock price of \$7.80 share, expected term of six years, volatility of 92%, dividend rate of 0%, and weighted average risk-free interest rate of 4.65%. The expected term represents the weighted-average period of time that share option awards granted are expected to be outstanding giving consideration to vesting schedules and historical participant exercise behavior; the expected volatility is based upon historical volatility of the Company's common stock; the expected dividend yield is based on the fact that the Company has not paid dividends in the past and does not expect to pay dividends in the future; and the risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of measurement corresponding with the expected term of the share option award.

During the year ended December 31, 2025 and 2024, the Company recognized \$59 and \$528 of compensation expense relating to vested stock options. As of December 31, 2025, the aggregate amount of unvested compensation related to stock options was approximately \$10 which will be recognized as an expense as the options vest in future periods through April 30, 2028.

As of December 31, 2025, the outstanding and exercisable options have no intrinsic value. The aggregate intrinsic value was calculated as the difference between the closing market price as of December 31, 2025, which was \$2.10, and the exercise price of the outstanding stock options.

Additional information regarding options outstanding and exercisable as of December 31, 2025, is as follows:

Range of Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Shares Exercisable	Weighted Average Exercise Price
\$7.80 - \$24.00	14,483	\$7.99	8.31	13,228	\$7.95
\$27.00 - \$40.50	656	27.00	7.05	410	27.00
\$72.00 - \$108.00	2,088	72.00	6.35	1,566	72.00
\$150.00 - \$225.00	1,199	191.43	3.79	1,199	191.43
\$264.00 - \$396.00	9,850	297.59	3.31	9,850	297.59
\$480.00 - \$720.00	154	560.18	2.64	154	560.18
\$732.00 - \$1,098.00	598	756.47	0.95	598	756.47
	<u>29,028</u>	<u>\$ 137.22</u>	<u>6.08</u>	<u>27,005</u>	<u>\$ 145.47</u>

11. Stock Warrants

As of December 31, 2025, the Company has issued warrants to purchase an aggregate of 2,963,215 shares of common stock. The Company's warrant activity during the years ended December 31, 2025, and 2024 is as follows:

	Shares	Weighted -Average Exercise Price	Weighted-Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	91,549	\$ 52.62	2.84	\$ -
Issued	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2024	91,549	52.62	1.84	\$ -
Issued	2,875,000	4.50	5.00	-
Exercised	-	-	-	-
Forfeited or expired	(3,334)	193.20	-	-
Outstanding at December 31, 2025	2,963,215	\$ 5.77	4.82	\$ -
Exercisable at December 31, 2025	2,963,215	\$ 5.77	4.82	\$ -

On December 4, 2025, the Company entered into the Underwriting Agreement with the Underwriters, pursuant to which the Company agreed to sell and issue to the Underwriters, in the Offering, an aggregate of (i) 2,500,000 shares of common stock and (ii) warrants to purchase up to 2,500,000 shares of common stock (See Note 8). Pursuant to the Overallotment Option, the company also sold and issued to the Underwriters an aggregate of 375,000 shares of common stock and warrants to purchase an aggregate of 375,000 shares of additional common stock. Each warrant issued in the Offering has an exercise price per share of common stock equal to \$4.50, subject to certain adjustments. The warrants are immediately exercisable upon issuance and will expire on December 8, 2030 (the "Expiration Date"), provided that the holder will be prohibited, subject to certain exceptions, from exercising the warrant for shares of the Company's common stock to the extent that immediately after giving effect to such exercise, the holder, together with its affiliates and other attribution parties, would own more than 4.99% or 9.99% (as elected by the holder) of the total number of shares of the Company's common stock then issued and outstanding, which percentage may be changed at the holder's election to a higher or lower percentage not in excess of 9.99% upon 61 days' prior notice from the holder to the Company subject to the terms of the warrants. If, and only if, there is no effective registration statement at the time of exercise, the warrants may be exercised cashlessly.

As of December 31, 2025, the outstanding and exercisable warrants have no intrinsic value. The aggregate intrinsic value was calculated as the difference between the closing market price as of December 31, 2025, which was \$2.10, and the exercise price of the Company's warrants to purchase common stock.

Additional information regarding warrants outstanding and exercisable as of December 31, 2025, is as follows:

Range of Exercise Price	Warrants Outstanding			Warrants Exercisable	
	Number of Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Shares Exercisable	Weighted Average Exercise Price
\$4.50	2,875,000	\$ 4.50	4.94	2,875,000	\$ 4.50
\$15.51	52,224	\$ 15.51	0.39	52,224	\$ 15.51
\$86.31	30,991	\$ 86.31	1.70	30,991	\$ 86.31
\$138.00	5,000	\$ 138.00	0.91	5,000	\$ 138.00
	2,963,215	\$ 5.77	4.82	2,963,215	\$ 5.77

12. Income Taxes

The Company is subject to taxation in the United States and various foreign jurisdictions.

For the years ended December 31, 2025 and 2024, a reconciliation of the effective income tax rate to the U.S. statutory rate is as follows:

	December 31, 2025	December 31, 2024
Federal statutory tax rate	(21)%	(21)%
State rate, net of federal benefit	(5)%	(5)%
Foreign tax rate differential	(1)%	-
	(27)%	(26)%
Effect of change in tax rate	-	-
Valuation allowance	27%	26%
Effective tax rate	\$ -	\$ -

As of December 31, 2025 and 2024, significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2025	December 31, 2024
Deferred income tax asset:		
Net operating loss carryforwards - US	\$ 28,288	\$ 25,309
Net operating loss carryforwards - Foreign	240	-
Disqualified corporate interest expense	4,876	4,642
Stock-based compensation	2,271	2,256
Accrued bonus and vacation	66	-
Accounts receivable allowances	541	476
Inventory reserves	213	51
Operating lease liability	220	219
Other	-	-
Asset impairment	-	58
Gross deferred tax assets	36,715	33,011
Valuation allowance	(36,277)	(32,793)
Total deferred tax assets	438	218
Deferred tax liabilities:		
Property and equipment	\$ (69)	-
Intangibles	(165)	-
Operating lease right-of-use asset	(204)	(218)
Deferred finance costs	-	-
Total deferred tax liabilities	(438)	(218)
Net deferred tax asset (liability)	\$ -	\$ -

At December 31, 2025 and 2024, the Company had available Federal and state net operating loss carryforwards ("NOL"s) to reduce future taxable income. For Federal purposes the amounts available were approximately \$117,000 and \$105,000, respectively. For state purposes approximately \$73,000 and \$59,000 was available at December 31, 2025 and 2024, respectively. Foreign net operating loss carryforwards are approximately \$2,000 at December 31, 2025, with expiration dates ranging from 2035 to indefinite depending on the jurisdiction. The Federal carryforward for NOLs arising in years prior to 2018 is approximately \$31,000, which expires on various dates through 2037. NOLs originating after 2017 of approximately \$86,000, can be carried forward indefinitely, but are only able to offset 80% of taxable income in future years. The state carryforward expires on various dates through 2045. Given the Company's history of net operating losses, management has determined that it is more likely than not that the Company will not be able to realize the tax benefit of the carryforwards. Accordingly, the Company has not recognized a deferred tax asset for this benefit.

Due to restrictions imposed by Internal Revenue Code Section 382 regarding substantial changes in ownership of companies with loss carryforwards, the utilization of the Company's NOL may be limited as a result of changes in stock ownership. NOLs incurred subsequent to the latest change in control are not subject to the limitation.

The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position is measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. As of December 31, 2025 and 2024, the Company did not have a liability for unrecognized tax benefits.

The Company recognizes as income tax expense, interest and penalties on uncertain tax provisions. As of December 31, 2025 and 2024, the Company has not accrued interest or penalties related to uncertain tax positions. As of the year ended December 31, 2025, the tax returns for 2022 through 2025 remain open to examination by the Internal Revenue Service and for 2021 to 2025 for various state taxing jurisdictions to which the Company is subject.

Upon the attainment of taxable income by the Company, management will assess the likelihood of realizing the tax benefit associated with the use of the NOLs and will recognize the appropriate deferred tax asset at that time.

13. Transactions with California Custom Beverage, LLC, former related party

In December 2018, the Company signed a co-packing agreement with California Custom Beverage, LLC's ("CCB"), an entity owned by a former related party, pursuant to which CCB agreed to produce certain products for the Company for agreed fees. The co-packing agreement, as amended, includes certain provisions for product inputs, shrinkage, and quality assurance. Also beginning in 2019, CCB agreed to pay the Company a 5% royalty through 2021 on certain private label sales made by CCB.

In January 2024, CCB filed an arbitration demand alleging claims against the Company for various disputed amounts outstanding. Also in January 2024, the Company filed an arbitration demand alleging claims against CCB for various disputed amounts outstanding. The two cases were consolidated.

In February 2026, the arbitration resulted in an interim award in favor of the Company. The interim award will become a final award after a final determination of the costs and prejudgment interest is made by the arbitrator. As of December 31, 2024, the Company recorded a receivable of \$144 due from CCB and a corresponding payable due to CCB of \$144. Given the interim award, the Company has extinguished all amounts due from and to CCB. The Company will account for the award once the ruling is final and collectability of the award, if any, becomes probable.

14. Commitments and Contingencies

On July 1, 2025, the Company entered into a settlement and release agreement (the "Settlement") related to an engagement letter with an investment bank dated May 1, 2023. Pursuant to the engagement letter, the Company agreed to pay the investment bank certain fees for services rendered. Pursuant to the Settlement, the Company paid the investment bank \$1,600 and, effective immediately upon receipt of payment, the Company was released from any and all liability. The Company has provided for the Settlement in the accompanying financial statements.

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 believe 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.

15. 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 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.

	Year Ended December 31,	
	2025	2024
Operating expenses		
Salaries	5,547	3,740
Insurance	521	530
Stock-based compensation	59	528
Selling and marketing	3,254	4,405
Freight and delivery	4,220	4,544
Warehousing	1,154	1,320
Other operating expenses	7,355	4,425
Total operating expenses	\$ (22,110)	\$ (19,492)

16. Subsequent Events

Not applicable.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. 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 December 31, 2025 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.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our management, with the participation of our Chief Executive Officer and Chief Financial Officer and the oversight of our audit committee, has evaluated the effectiveness of our internal control over financial reporting as of December 31, 2025. In assessing the effectiveness of our internal control over financial reporting, our management used the framework established in *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2025.

This Annual Report does not contain an attestation report of our independent registered public accounting firm related to internal control over financial reporting because the rules for smaller reporting companies provide an exemption from the attestation requirement.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information**10b5-1 Trading Arrangements**

During the three months ended December 31, 2025, 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 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

General

Reed's current directors have terms which will end at the next annual meeting of the stockholders and until each of their successors is elected and qualified. The following table sets forth certain information with respect to our current directors and executive officers as of date of this Annual Report.

<u>Name</u>	<u>Position</u>	<u>Age</u>
Neal M. Cohane	Interim Chief Executive Officer, Chief Operating Officer and Director	65
Douglas W. McCurdy	Chief Financial Officer, Secretary	60
Yumin Dai	Chief Executive Officer & Director of Reed's (Asia) Limited (BVI)	65
Shufen Deng	Chairperson of the Board	61
Sam Van(1)(2)(3)	Director	48
Rudolf J. M. Bakker(1)(2)(3)	Director	46
Michael C. Tu(1)(2)(3)	Director	55

(1) Member of the Audit Committee. Mr. Van serves as Chair of the Audit Committee.

(2) Member of the Compensation Committee. Mr. Bakker serves as Chair of the Compensation Committee.

(3) Member of the Nominating and Corporate Governance Committee. Mr. Tu serves as Chair of the Nominating and Corporate Governance Committee.

Business Experience of Directors and Executive Officers

Neal M. Cohane has served as our interim Chief Executive Officer and Director since March 2026 and our Chief Operating Officer since January 2026. From August 2007 to December 2022, Mr. Cohane served as our Chief Sales Officer. Prior to re-joining us, Mr. Cohane served as Chief Sales Officer at Eastroc Beverage, from March 2025 to December 2025. Prior to that, he founded Rootstock Brands, Inc., where he advised beverage companies on go-to-market strategy and execution, from January 2023 to February 2025. Mr. Cohane holds a Bachelor of Science in Business Administration from Merrimack College. We believe that Mr. Cohane is qualified to serve on our Board because of his extensive knowledge of our business and significant experience in the beverage industry.

Douglas W. McCurdy has served as our Chief Financial Officer since February 2025. Prior to joining us, from December 2023 to January 2025, Mr. McCurdy served as Director for Roberts & Ryan, Inc., a veteran-owned investment bank. Prior to that, he served as Chief Operating Officer and Chief Financial Officer at YDC, Inc. (d/b/a REZI) from November 2019 to May 2023. Mr. McCurdy started his career as a Lieutenant in the US Navy. He holds a Master of Business Administration in Accounting and Finance from the University of Chicago Booth School of Business and a Bachelor of Science in Mechanical Engineering from Worcester Polytechnic Institute.

Yumin Dai has served as the Chief Executive Officer and Director of Reed's (Asia) Limited (BVI) since February 2025. Prior to joining us, Mr. Dai served as consultant for the overseas business of Baolingbao Biology Co., Ltd (China) ("Baolingbao"), from February 2020 to December 2024.

Shufen Deng has served as a member of our board of directors since July 2023 pursuant to the director designation right granted to D&D under the D&D Shareholders Agreement (as defined below). Ms. Deng has served as Chairperson of the Board since November 2024 and as Vice Chairperson of the Board from February 2024 through November 2024. In addition, she has served as the General Manager for BLB International Company Limited. Ms. Deng was the sole shareholder of D&D Source of Life Holding Ltd. ("D&D"), the Company's largest shareholder, from February 2023 through December 31, 2024. Ms. Deng is D&D's non-independent designee. Prior to joining us, Ms. Deng served as the Chairman and General Manager of Baolingbao, from April 2017 to March 2021. She continues to serve as a member of Baolingbao's board of directors and as a member of its compensation committee. Prior to that, Ms. Deng served as a judge in China for seven years. We believe that Ms. Deng is qualified to serve on our Board because of her extensive business and legal experience.

Sam Van has served as a member of the Board since October 2024 pursuant to the director designation right granted to D&D under the D&D Shareholders Agreement (as defined below). He currently serves as Chair of the Audit Committee and is a member of the Nominating and Governance and Compensation Committees. Mr. Van has served as the Chief Executive Officer of J-Star Holding Co., Ltd from October 2025 to present and is the founder and Chief Executive Officer of SRO Partners since May 2024. Previously, from June 2023 through May 2024, he served as Senior Vice President, Head of Advisory Services at Freedom U.S. Markets. From March 2017 through May 2023, he was the President and a Director of Deltec Investment Advisor Limited. From June 2022 through May 2024, Mr. Van served as a director and member of audit and nominating committees of Phoenix Motor Inc. (Nasdaq: PEV). Mr. Van has served on the board of directors of Picard Medical, Inc. (NYSE: PMI) since August 2025. Mr. Van has also served on the board of directors of Relm Insurance Ltd., a private company based in Bermuda, since January 2019. He also serves as a Senior Board Advisor at RKtech, an international software company in Vietnam. Mr. Van holds a Master of Business Administration from Cornell University and a Bachelor of Science in Finance from St. John's University. Mr. Van is an independent director designee of D&D. We believe that Mr. Van is qualified to serve on our Board because of his extensive financial and operational expertise.

Rudolf J. M. Bakker has served as a member of the Board since April 2025 and was engaged as an outsourced fractional Chief Marketing Officer in March 2026. He currently serves as Chair of the Compensation Committee and is a member of the Nominating and Governance Committee. Mr. Bakker is the founder of Purple Fox Studios, a beverage-focused consulting and incubation platform he formed in January 2021. Additionally, he co-founded Succulent Spirits & Co., an importer and distributor of premium agave spirits in Europe, for which he has served as the Chief Growth Officer since March 2023. Prior to his current activities, Mr. Bakker served as Global VP Smirnoff at Diageo Plc from April 2015 to October 2020, General Manager Mexico at Red Bull GmbH from January 2013 to December 2014, and held senior commercial, marketing and innovation leadership roles at Heineken N.V. from April 1997 to December 2012, where he led brand development, portfolio strategy, and market expansion initiatives across multiple geographies. Mr. Bakker holds a Master of Business Administration from Erasmus University and has completed executive education programs at Harvard Business School, London Business School, and Kellogg Executive Education. We believe that Mr. Bakker is qualified to serve on our Board because of his extensive experience in the global business industry and focus on brand growth, innovation, and market expansion across both emerging and developed markets.

Michael C. Tu has served as a member of the Board since September 2025 pursuant to the director designation right granted to D&D under the D&D Shareholders Agreement (as defined below). He currently serves as Chair of the Nominating and Governance Committee and is a member of the Audit and Compensation Committees. Prior to joining us, Mr. Tu was a partner at Cooley LLP, from May 2021 to June 2024. Prior to that, he was a partner at Orrick, Herrington and Sutcliffe LLP, from July 2004 to May 2021. Mr. Tu has taught board governance and risk management at Stanford University's Senior Executive Leadership Program and the University of California, Los Angeles's Director Training Program, and has been recognized by Chambers USA, Martindale-Hubbell, Legal 500, and Best Lawyers in America for securities litigation. He holds a Juris Doctor from the University of California, Los Angeles School of Law and a Bachelor of Arts from the University of California, Berkeley. We believe that Mr. Tu is qualified to serve on our Board because of his deep corporate governance and securities law expertise.

Legal Proceedings

None of our executive officers or directors are parties to any material proceedings adverse to Reed's, have any material interest adverse to Reed's or have, during the past ten years been subject to legal or regulatory proceedings required to be disclosed hereunder.

Family Relationships

Shufen Deng and Yumin Dai are spouses. Otherwise, there are no family relationships between any of our executive officers and directors.

Corporate Governance

Audit Committee of the Board of Directors

We have established an Audit Committee of the board of directors. The Audit Committee, among other things, evaluates the performance of and assesses the qualifications of the independent registered public accounting firm; determines and approves the engagement of the independent registered public accounting firm; determines whether to retain or terminate the existing independent registered public accounting firm or to appoint and engage a new independent registered public accounting firm; reviews and approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent registered public accounting firm on the Company's audit engagement team as required by law; reviews and approves or rejects transactions between the Company and any related persons; confers with management regarding the effectiveness of internal controls over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and meets to review the Company's annual audited consolidated financial statements and quarterly unaudited consolidated financial statements with management and the independent registered public accounting firm.

The Audit Committee is currently composed of two directors: Sam Van (Chair) and Michael C. Tu. Our board of directors has adopted a written Audit Committee charter that is available on our website at <https://investor.reedsinc.com/>.

The board has determined that each member of our Audit Committee is an "independent director" as defined by the applicable NYSE American listing rules and Rule 10A-3(b)(1) under the Exchange Act. The board has determined Sam Van qualifies as an "audit committee financial expert," as defined in applicable SEC rules. In addition, the board determined that (i) none of the Audit Committee members have participated in the preparation of the financial statements of the Company at any time during the past three years and (2) Audit Committee members are able to read and understand fundamental financial statements.

Code of Ethics

We have adopted a Code of Ethics, which applies to all officers, directors and employees. Our Code of Ethics is posted on our website at <http://investor.reedsinc.com>. Any amendments to the Code of Ethics, or any waivers of its requirements, are expected to be disclosed on our website to the extent required by applicable rules and exchange requirements, including in order to satisfy Item 5.05 of Form 8-K.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") requires our directors and executive officers and beneficial holders of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our equity securities.

To our knowledge, based solely upon a review of such reports filed electronically with the SEC, during our fiscal year ended December 31, 2025, the following individuals each failed to timely file a Form 3: Michael C. Tu, Tina Reejsinghani, Cyril Wallace, Rudolf Bakker, and Sam Van. Era Regenerative Medicine Ltd., an entity affiliated with D&D, failed to timely file a Form 4 with respect to one transaction during the reporting period.

Stockholder Director Nomination Procedures

There have not been any material changes to the procedures by which stockholders may recommend nominees to our board of directors.

Insider Trading Policy

Reed's has adopted an insider trading policy and procedures governing the purchase, sale and/or other dispositions of its securities by directors, officers and employees. A copy of the insider trading policy is included as an exhibit to this Annual Report on Form 10-K. In addition, it is the Company's practice to comply with the applicable laws and regulations relating to insider trading.

Item 11. Executive Compensation

The following table summarizes all compensation for fiscal years 2025 and 2024 (as applicable) earned by (i) each individual who served as our principal executive officer during fiscal 2025 and (ii) the next two most highly compensated executive officers serving at the end of fiscal 2025, or our “Named Executive Officers.” In April 2025, Mr. Snyder announced his retirement as our Chief Executive Officer, and thereafter, Mr. Wallace commenced employment as our Chief Executive Officer and was appointed as a member of our board of directors. Effective March 24, 2026, Mr. Cohane, our Chief Operating Officer, was appointed as our interim Chief Executive Officer and a member of our board of directors, following Mr. Wallace’s resignation from the positions of Chief Executive Officer and director on the same date. Mr. Wallace will remain an employee of the Company through March 31, 2026.

Name and Principal Position	Year	Salary	Bonus(1)	All Other Compensation (2)	Total
Cyril A. Wallace, Jr.(3) Former Chief Executive Officer	2025	\$ 495,833	\$ 35,000	\$ 23,861	\$ 554,694
Norman E. Snyder, Jr.(4) Former Chief Executive Officer	2025	\$ 180,163	\$ 30,000	\$ 418,519	\$ 436,976
	2024	\$ 428,942	\$ 50,000	\$ 14,416	\$ 493,358
Douglas W. McCurdy(5) Chief Financial Officer	2025	\$ 289,354	\$ -	\$ -	\$ 289,354
Yumin Dai(6) Chief Executive Officer, Reed’s (Asia) Limited (BVI)	2025	\$ 162,875	\$ -	\$ 113,794	\$ 276,669

(1) The amounts reported in this column for 2025 represent a one-time signing bonus for Mr. Wallace and a guaranteed bonus for Mr. Snyder, each as described further below under “—Employment Arrangements with Our Named Executive Officers” and “—Potential Payments Upon Termination or Change in Control.”

(2) The amounts reported in this column for 2025 represent (i) \$23,861 paid to Mr. Wallace for relocation expense reimbursement, (ii) \$412,512 paid to Mr. Snyder in connection with his departure as our Chief Executive Officer, as described further below under “—Potential Payments Upon Termination or Change in Control,” which consists of (a) \$378,525, representing twelve (12) months of his then-current base salary, plus (b) \$33,987 representing twelve (12) months of the costs of health and welfare benefits, and (iii) \$10,681 paid to Mr. Dai for automobile expenses, \$29,082 for the rental of an apartment for Mr. Dai, \$48,523 in hotel costs for Mr. Dai, and \$25,508 paid on behalf of Mr. Dai to the real estate agency that assisted with locating Mr. Dai’s apartment.

(3) Mr. Wallace served as our Chief Executive Officer from April 16, 2025 to March 24, 2026.

(4) Mr. Snyder retired as our Chief Executive Officer effective April 16, 2025 and continued serving as an employee through May 31, 2025. The amount reported in the “Salary” column for 2025 includes \$22,444 accrued but unused paid time off.

(5) Mr. McCurdy commenced employment as our Chief Financial Officer on February 10, 2025.

(6) Mr. Dai’s compensation was paid in Japanese Yen (JPY), which was converted into U.S. dollars at an exchange ratio of \$0.00637706 per JPY.

Narrative Disclosure to Summary Compensation Table

Base Salary

Our Named Executive Officers receive base salaries to compensate them for services rendered to us. The base salary payable to each Named Executive Officer is intended to provide a fixed component of compensation, taking into account such Named Executive Officer’s qualifications, experience, scope of responsibilities, and competitive market considerations. The 2025 annual base salary rates for each of our Named Executive Officers are set forth in the table below:

Name	2025 Base Salary Rate
Cyril A. Wallace, Jr.	\$ 700,000
Norman E. Snyder, Jr.	\$ 378,525
Douglas W. McCurdy	\$ 323,000
Yumin Dai	\$ 300,000

Welfare and Other Benefits

We provide health, dental, vision, life, and disability insurance benefits to our Named Executive Officers, on the same terms and conditions as provided to all other eligible U.S. employees. We also maintain a 401(k) plan that provides eligible employees, including our U.S.-based Named Executive Officers, with an opportunity to save for retirement on a tax advantaged basis. The 401(k) plan is intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code. As a tax-qualified retirement plan, contributions to the 401(k) plan are deductible by us when made and pre-tax contributions and earnings on pre-tax and after-tax contributions are not generally taxable to the employees until withdrawn or distributed from the 401(k) plan.

Employment Arrangements with Our Named Executive Officers

Cyril A. Wallace, Jr.

In connection with commencement of his employment as our Chief Executive Officer, we entered into an Employment Agreement with Mr. Wallace, dated as of April 16, 2025 (the “Wallace Agreement”). The Wallace Agreement provides for a base salary of \$700,000. Mr. Wallace will receive health insurance, four weeks’ paid vacation on an annual basis and other benefits available to our executive officers. Mr. Wallace received a signing bonus of \$35,000 and long-distance commuting and relocation expense reimbursement up to \$50,000, which in each case must be reimbursed in full if his employment is terminated (for no reason or any reason) prior to the one-year anniversary of April 16, 2025. The Wallace Agreement is “at-will” and may be terminated by Mr. Wallace or Reed’s at any time upon five days’ notice, for no reason or for any reason. Subject to the establishment of a new equity incentive plan and Mr. Wallace’s continued employment, Mr. Wallace will be granted a restricted stock award of 46,667 shares of common stock, vesting monthly over a one-year term measured from April 16, 2025, and three performance-based stock option awards to purchase up to an aggregate of 231,361 shares of common stock. Vesting of performance-based stock options will be subject to achievement of annual performance metrics established by the board of directors and agreed between the parties. In addition, the Wallace Agreement provides that, in the event Mr. Wallace receives any payments or benefits that constitute “parachute payments” within the meaning of Section 280G of the Internal Revenue Code and that are subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, the Company will pay Mr. Wallace an amount equal to the sum of the excise tax payable, plus the amount necessary to put Mr. Wallace in the same after tax position as if no excise tax had been imposed.

Norman E. Snyder, Jr.

In connection with his promotion to Chief Executive Officer of the Company in 2020, we entered into an Amended and Restated Employment Agreement with Mr. Snyder, effective March 1, 2020 (the “Snyder Agreement”). The Snyder Agreement provided for an initial base salary of \$300,000 (increased to \$350,000 in September 2020), eligibility for standard benefits available to executive officers, and the grant of certain restricted stock and stock option awards. The Snyder Agreement also provided for payment of severance benefits in connection with certain qualifying terminations of employment. In connection with his retirement from employment on May 31, 2025, Mr. Snyder received the benefits described below under “—Potential Payments Upon Termination or Change in Control—Snyder Transition Agreement.”

Douglas McCurdy

On January 31, 2025, we entered into an Employment Agreement with Mr. McCurdy (the “McCurdy Agreement”). The McCurdy Agreement provides for an initial one-year term beginning on February 10, 2025 and ending on February 10, 2026 (the “Original Term”), which may be extended for additional successive one-year periods by mutual agreement of the parties. If the McCurdy Agreement is neither terminated nor extended, Mr. McCurdy’s employment continues on an at-will basis for one-month periods following the Original Term. Pursuant to the terms of the McCurdy Agreement, Mr. McCurdy receives an annual base salary of \$323,000 and is eligible for a discretionary annual performance bonus with a target of 30% of his annual salary. Mr. McCurdy is also eligible to receive standard benefits available to executive officers and to receive long-term equity incentive awards from time to time. The McCurdy Agreement also provided for payment of severance benefits in connection with certain qualifying terminations of employment occurring during the Original Term, as described below under “—Potential Payments Upon Termination or Change in Control—McCurdy Agreement.”

Yumin Dai

Mr. Dai receives a salary of \$300,000 and certain reimbursement of automobile and housing expenses.

Potential Payments upon Termination or Change in Control

Mr. Dai is not entitled to receive any payments in connection with a termination of his employment or a change in control of the Company. We expect to enter into a separation agreement and release with Mr. Wallace in connection with his resignation. The benefits actually provided to Mr. Snyder in connection with his termination and the benefits that Mr. McCurdy would be entitled to receive in connection with certain terminations of his employment are described below.

Snyder Transition Agreement

Effective April 16, 2025, we entered into a transition and separation agreement with Mr. Snyder, pursuant to which he ceased serving as our Chief Executive Officer (the “Snyder Transition Agreement”). In order to ensure a smooth transition, Mr. Snyder remained an employee of the Company through May 31, 2025. Pursuant to the Snyder Transition Agreement, Mr. Snyder continued to receive his annual base salary and his unvested equity continued to vest through May 31, 2025. In addition, subject to his execution and delivery of a release of claims, Mr. Snyder was entitled to receive 12 months’ severance, payable in equal monthly installments through May 31, 2026, at his then-current salary rate, \$378,525 per year, reimbursement of COBRA premiums and deductibles for such 12-month period, and his vested options would remain exercisable for an extended period of two years following his date of separation. The Snyder Transition Agreement also provides for a guaranteed bonus payment of \$30,000 and an additional bonus of up to \$20,000 based on the achievement of certain performance metrics. As of the date hereof, no portion of the \$20,000 additional bonus payment was earned or paid, and the entire \$20,000 amount has been forfeited.

McCurdy Agreement

In the event of a termination of Mr. McCurdy’s employment without “cause” or a resignation by Mr. McCurdy for “good reason” (each, as defined in the McCurdy Agreement) during the Original Term, subject to his execution and delivery of a release of claims, Mr. McCurdy would have received (i) equal installment payments of \$26,917 for the number of months remaining in the Original Term, and (ii) COBRA reimbursements for up to the remaining period of the Original Term.

Outstanding Equity Awards at Year-End

The following table sets forth certain information regarding equity awards held by each Named Executive Officer outstanding as of December 31, 2025:

Name and Position	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards:			
			Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	
Norman E. Snyder, Jr.(1)	1,468	—	—	\$ 264.00	2/25/2030	
	84	—	—	\$ 150.00	3/25/2030	
	828	—	—	\$ 210.00	5/20/2030	
	2,654	—	—	\$ 285.00	9/16/2030	
	6,385	—	—	\$ 7.80	4/29/2034	

(1) Mr. Snyder retired as our Chief Executive Officer effective April 16, 2025 and continued serving as an employee through May 31, 2025. Pursuant to the Snyder Transition Agreement, Mr. Snyder’s unvested equity continued to vest through May 31, 2025. See “—Potential Payments Upon Termination or Change in Control.”

Director Compensation

We pay our independent directors an annual cash retainer in the amount of \$50,000, on a quarterly basis, prorated based on the dates of service for each non-employee director. The following table summarizes the compensation paid to our non-employee directors for the year ended December 31, 2025:

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Shufen Deng (1)	\$ -	-	-	-	-	\$ -

Sam Van	\$ 50,000	-	-	-	-	\$ 50,000
Rudolf J. M. Bakker (2)	\$ 37,500	-	-	-	-	\$ 37,500
Michael C. Tu (3)	\$ 14,674	-	-	-	-	\$ 14,674
Lewis Jaffe (4)	\$ 12,500	-	-	-	-	\$ 12,500
Randle Lee Edwards (5)	\$ 34,783	-	-	-	-	\$ 34,783

- (1) Shufen Deng elected to waive non-employee director compensation due to her position at the time as the principal and director designee of D&D Source of Life Holding, Ltd.
- (2) Rudolf J. M. Bakker was appointed to the board effective April 11, 2025, and the amounts set forth herein represent the prorated amount of Mr. Bakker's cash fee.
- (3) Michael C. Tu was appointed to the board effective September 15, 2025, and the amounts set forth herein represent the prorated amount of Mr. Tu's cash fee.
- (4) Lewis Jaffe resigned from the board effective March 31, 2025, and the amounts set forth herein represent the prorated amount of Mr. Jaffe's cash fee.
- (5) Randle Lee Edwards resigned from the board effective September 10, 2025, and the amounts set forth herein represent the prorated amount of Mr. Edwards' cash fee.

Policy on Timing of Equity Award Grants

The Compensation Committee and the Board have not established written policies regarding the timing of option grants or other awards in relation to the release of material nonpublic information (“MNPI”). They do however as a matter of practice take MNPI into account when determining the timing and terms of stock option or other equity awards to executive officers. The Company does not time the disclosure of MNPI, whether positive or negative, for the purpose of affecting the value of executive compensation. During 2025, the timing of grant of stock options did not trigger disclosures hereunder.

Clawback Policy

Our board of directors has adopted a written compensation recovery policy in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and applicable exchange rules, a copy of which is included as an exhibit to this Annual Report on Form 10-K.

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

The following table sets forth certain information regarding our shares of common stock beneficially owned as of March 1, 2026 by (i) each Named Executive Officer and director, (ii) all executive officers and directors as a group, and (iii) each stockholder known by the Company to be the beneficial owner of 5% or more of our outstanding shares of common stock. A person is considered to beneficially own any shares (i) over which such person, directly or indirectly, exercises sole or shared voting or investment power or (ii) of which such person has the right to acquire beneficial ownership at any time within 60 days through an exercise of stock options or warrants or otherwise. Options and warrants to purchase shares of our common stock that are exercisable within 60 days of March 1, 2026 are deemed to be beneficially owned by the person holding these options and/or warrants, as applicable, for the purpose of computing percentage ownership of that person, but they are not treated as outstanding for the purpose of computing any other person’s ownership percentage.

Applicable percentages are based on 11,820,429 shares of common stock outstanding as of March 1, 2026, adjusted as required by rules promulgated by the SEC. Except as otherwise indicated below and subject to community property laws where applicable, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by them. Unless otherwise indicated, the principal address of each listed executive officer and director is 501 Merritt 7 PH, Norwalk, Connecticut 06851.

<i>Name of Beneficial Owner</i>	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
Named Executive Officers and Directors:		
Cyril A. Wallace, Jr.(1)	—	—%
Norman E. Snyder, Jr.(2)	11,674	*%
Douglas W. McCurdy	—	—%
Yumin Dai	—	—%
Shufen Deng	—	—%
Sam Van	—	—%
Rudolf J. M. Bakker	—	—%
Michael C. Tu	—	—%
All current executive officers and directors as a group (8 persons)	675	*%
5% or Greater Stockholders		
Entities affiliated with D&D Source of Life Holding Ltd.(3)	6,183,856	52.1%

* Represents beneficial ownership of less than 1% of our outstanding common stock.

(1) Mr. Wallace resigned from the positions of our Chief Executive Officer and a member of the board of directors, effective March 24, 2026. Mr. Wallace will remain an employee of the Company through March 31, 2026.

(2) Mr. Snyder retired as our Chief Executive Officer effective April 16, 2025 and continued serving as an employee through May 31, 2025. The amount reported consists of (i) options to purchase 11,198 shares of common stock that are exercisable within 60 days of March 1, 2026 and (ii) 476 shares of common stock underlying warrants that are exercisable within 60 days of March 1, 2026.

(3) This information is based partially on the information reported on the Schedule 13D filed by D&D and Era Regenerative Medicine Ltd (“ERM”) on June 10, 2025. The amount reported consists of (i) 5,777,524 shares of common stock held by D&D, (ii) 38,685 shares of common stock underlying warrants held by D&D that are exercisable within 60 days of March 1, 2026, (iii) 367,647 shares of common stock held by ERM. 1,250,000 shares of common stock underlying warrants are excluded from the amount reported above as beneficially owned because they are subject to limitations on exercisability if such exercise would result in D&D beneficially owning more than 4.99% of our outstanding common stock. ERM is a holding company and the sole shareholder of D&D. Dai Siqi is the sole director of ERM, and may be deemed to have shared voting, investment and dispositive power with respect to the securities held by D&D. Dai Siqi disclaims beneficial ownership in the securities held by D&D except for his pecuniary interest therein as sole director of ERM. The address of D&D is Genesis Building, 5th Floor, Genesis Close, George Town, PO Box 446, Grand Cayman, Cayman Islands, KY1-1106. The address of each of ERM and Dai Siqi is Unit 8, 3/F, Qwomar Trading Complex, Blackburne Road, Port Purcell, Road Town Tortola, D8, VG1110.

Securities Authorized for Issuance under Equity Compensation Plans

As of December 31, 2025, our 2024 Inducement Plan and our Amended and Restated 2020 Plan were in effect. Our Second Amended and Restated 2017 Incentive Compensation Plan was discontinued, although outstanding awards granted per its terms remain in effect.

The following table provides information, as of December 31, 2025, with respect to equity securities authorized for issuance under our equity compensation plans:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in Column (a))
Equity compensation plans approved by stockholders	14,711 ⁽¹⁾	\$ 262.78	36,657 ⁽²⁾
Equity compensation plans not approved by stockholders ⁽³⁾	14,317	\$ 7.80	27,350
TOTAL	29,028	\$ 137.02	64,007

(1) Includes (i) outstanding options to purchase 11,183 shares of our common stock under the Amended and Restated 2020 Plan and (ii) outstanding options to purchase 3,528 shares of our common stock under the Second Amended and Restated 2017 Incentive Compensation Plan. The Second Amended and Restated 2017 Incentive Compensation Plan was terminated upon the adoption of the Amended and Restated 2020 Plan.

(2) Represents shares of our common stock available for future issuance under the Amended and Restated 2020 Plan.

(3) Represents our 2024 Inducement Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Policies and Procedures Regarding Transactions with Related Persons

Our Board adopted a written related person transactions policy that sets forth our policies and procedures regarding the identification, review, consideration and oversight of “related person transactions.” For purposes of our policy only, a “related person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we or any of our subsidiaries are participants involving an amount that exceeds \$120,000, in which any “related person” has a material interest.

Transactions involving compensation for services provided to us by an employee, consultant or director will not be considered related person transactions under this policy. A related person is any executive officer, director, nominee to become a director or a holder of more than 5% of any class of our voting securities, including any of their immediate family members and affiliates and entities owned or controlled by any related person.

Under the policy, the related person in question or, in the case of transactions with a holder of more than 5% of any class of our voting securities, an officer with knowledge of the proposed related person transaction, must present information regarding the proposed related person transaction to our Audit Committee (or, where review by our Audit Committee would be inappropriate, to another independent body of our Board) for review. To identify related person transactions in advance, we will rely on information supplied by our executive officers, directors and certain significant stockholders. In considering related person transactions, our Audit Committee will take into account the relevant available facts and circumstances, which may include, but are not limited to:

- the risks, costs, and benefits to us;
- the impact on a director’s independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the terms of the transaction;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties.

Our Audit Committee will approve only those transactions that it determines are fair to and in the best interests of the Company. All of the transactions described above were entered into prior to the adoption of, or in compliance with, such policy.

Certain Relationships and Related Transactions

The following includes a summary of transactions since January 1, 2024, in which we were or are to be a participant and the amount involved exceeded or exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years and in which any related person had or will have a direct or indirect material interest.

On February 28, 2024, D&D invested \$3,000,000 in us through Simple Agreement for Future Equity (SAFE) vehicles. Pursuant to its SAFE, (i) D&D's director designation rights were reaffirmed and expanded to rights to designate up to three directors of the Company, two of whom must be independent, (ii) Shufen Deng was named Vice-Chairperson of the board of directors of the Company, and (iii) Randle Lee Edwards was designated as an independent director designee. D&D's director designation rights continue so long as D&D beneficially owns 25% or more of the Company's issued and outstanding common stock. In addition, in connection with this investment, the Company agreed to limit the size of the Board to nine members.

On September 10, 2024, D&D subscribed for an aggregate of 3,268,795 shares of common stock in a private placement transaction ("PIPE"). D&D's subscription in such private placement was paid through automatic conversion of its SAFE in the principal amount of \$3,000,000 with the balance of \$1,903,192 paid in cash.

On October 10, 2024, certain funds affiliated with Whitebox Advisors, LLC ("Whitebox") sold and assigned their entire interest in eight secured promissory notes (the "Whitebox Notes") of the Company to D&D for a total purchase price of \$17,878,248. The Whitebox Notes contained customary affirmative and negative covenants and events of default. The Whitebox Notes were secured by substantially all of the Company's assets, including all intellectual property. Certain of the Whitebox Notes were not convertible and certain of the Whitebox Notes were convertible, subject to certain limitations, including a beneficial ownership limitation of 9.9% of the number of shares of common stock outstanding.

On November 14, 2024, we entered into a new secured one-year term loan with a principal amount of \$10.0 million with Whitebox. The term loan is secured by substantially all of the Company's assets, including all intellectual property. We used part of the proceeds to pay off and close our then existing revolving line of credit. In order to facilitate the term loan transaction, D&D and the Company amended the Whitebox Notes. D&D released all collateral under the Whitebox Notes, deferred cash payments thereunder and extended the maturity dates of all of the Whitebox Notes to 181 days after the maturity of the revolving credit facility, which was November 14, 2025 (with the maturity dates of the Whitebox Notes extended to May 14, 2026). D&D and its agent further waived certain events of default under the Whitebox Notes through the maturity date. Further, as part of the term loan transaction, D&D subordinated its Whitebox Notes to Whitebox. The Company further pledged collateral and granted security interests in all of its intellectual property to Whitebox.

On November 19, 2024, we and D&D entered into an exchange agreement, whereby D&D equitized the Whitebox Notes, in full, for an aggregate of 22,478,074 shares of common stock of the Company.

ERM, the sole shareholder of D&D, acquired 367,647 shares of our common stock on December 30, 2024, in a private placement of an aggregate of 14,705,882 shares of common stock to accredited investors for aggregate gross proceeds of \$10,000,000. The purchase price per share was \$0.68. Pursuant to a Registration Rights Agreement, effective December 30, 2024, we filed a registration statement on Form S-1 (File No. 333-286492), which was declared effective by the SEC on April 21, 2025, covering the resale of the Registrable Securities (as defined therein).

On January 24, 2025, we and D&D entered into an amendment to the Shareholders Agreement dated May 25, 2023 (as amended, the "D&D Shareholders Agreement"), amending the agreement to incorporate the following previously agreed terms: so long as D&D owns 25% or more of the Company's issued and outstanding common stock, (1) D&D shall have the right to designate three individuals for appointment to the board of directors of the Company, two of whom shall be "independent directors" as defined in applicable SEC and exchange rules, (2) D&D shall have the right to designate one board observer and (3) the size of the Company's board of directors will not exceed nine members without the consent of both D&D's independent designated directors. Pursuant to the D&D Shareholders Agreement, D&D has designated Shufen Deng, chairperson of our board of directors, Sam Van and Michael Tu, each an independent director, to serve on our board of directors. D&D has also designated Yumin Dai, the spouse of Shufen Deng, as a board observer.

On January 24, 2025, we and D&D entered into a Board Observer Agreement governing D&D's right to designate the board observer. Such board observer right permits the observer's attendance at board meetings and participation in discussions at such meetings. The agreement further provides for indemnification and advancement of expenses from the Company to the same extent provided by the Company to its directors and for reimbursement of reasonable out-of-pocket expenses incurred by the observer in connection with attending meeting, subject to company policies in effect. Any individual's service as the observer is conditioned on such individual's execution of an agreement with the Company that preserves the confidentiality of Reed's information and board discussions. D&D designated Mr. Yumin Dai to be the board observer.

On May 28, 2025, we entered into a Securities Purchase Agreement with certain accredited investors, including D&D, pursuant to which we agreed to issue and sell \$3,000,000 of shares of common stock at a purchase price per share of \$0.93. D&D purchased \$1,000,000 of shares of common stock in this private placement, which closed on June 4, 2025. Pursuant to a Registration Rights Agreement dated May 28, 2025, we filed a registration statement on Form S-1 (File No. 333-289889), which was declared effective by the SEC on September 4, 2025, covering the resale of the Registrable Securities (as defined therein).

On December 4, 2025, we entered into the Underwriting Agreement with A.G.P./Alliance Global Partners, as representative of the Underwriters, pursuant to which we agreed to sell and issue to the Underwriters, in the Offering an aggregate of (i) 2,500,000 shares of common stock and (ii) warrants to purchase up to 2,500,000 shares of common stock. Additionally, we granted the Underwriters the Overallotment Option to purchase up to an additional 375,000 shares of common stock and/or warrants at the public offering price, less underwriting discounts and commissions. On December 5, 2025 and December 12, 2025, the Underwriters fully exercised the Overallotment Option. Each share of common stock and accompanying warrant to purchase one share of common stock were sold together at a combined public offering price of \$4.00 less underwriting discounts and commissions. Each warrant issued in the Offering has an exercise price per share of common stock equal to \$4.50, subject to certain adjustments and beneficial ownership limitations. The warrants became immediately exercisable upon issuance and will expire on December 8, 2030. To our knowledge, D&D participated in the Offering, and purchased 1,250,000 shares of common stock and warrants to purchase 1,250,000 shares of common stock.

John J. Bello

John J. Bello is the former Chairman of the board and was a significant stockholder of the company. In March 2023 he funded \$300,000 to the company through a SAFE investment. The SAFE investment converted into 300,000 shares of common stock on September 10, 2024 pursuant to the company's PIPE transaction.

Norman E. Snyder, Jr.

On July 26, 2024, Norman E. Snyder Jr., the then-serving CEO of the Company, provided a personal guaranty for \$500,000 over advance on the company's line of credit with Alterna Capital Solutions, LLC. The over advance was repaid by September 30, 2024.

Yumin Dai

Yumin Dai is the spouse of Shufen Deng. On February 4, 2025, he was appointed Chief Executive Officer of the Company's newly formed wholly owned subsidiary, Reed's (Asia) Limited (BVI). His salary is \$300,000 per year. The Company expects to expand Mr. Dai's duties to serve as Chief Executive Officer and director of a newly formed Japanese subsidiary.

Compensation Arrangements and Equity Awards for Executive Officers and Directors

We have employment arrangements with our executive officers that, among other things, provide for certain change in control benefits, as well as severance benefits for executive officers. For a description of these agreements with our named executive officers, see "Item 11. Executive Compensation."

We have granted, and may grant in the future, stock options and restricted stock awards to our executive officers and our directors. For a description of these equity awards to our named executive officers, see "Item 11. Executive Compensation."

Indemnification Agreements for Executive Officers and Directors

We have entered into indemnification agreements with each of our directors and certain of our executive officers. These agreements require us to indemnify these individuals and, in certain cases, affiliates of such individuals, to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

Director Independence

As of the date of this Annual Report, our board has five directors. The following are the three standing committees of the board: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The board, upon recommendation from the Nominating and Corporate Governance Committee, determined each of Michael C. Tu, Sam Van and Rudolf Bakker is an "independent director" as defined by Section 803(A) of the NYSE American Company Guide. The Board also determined that each member of our Audit, Compensation and Nominating and Corporate Governance Committees satisfies the independence standards for such committees established by the NYSE American Company Guide, as applicable. Independence of board members is re-evaluated by the board annually. We intend to maintain at least a majority of independent directors on our board in the future.

Item 14. Principal Accountant Fees and Services

Weinberg & Company, P.A. ("Weinberg") was our independent registered public accounting firm for the years ended December 31, 2025, and 2024.

The following table shows the fees paid or accrued by us for the audit and other services provided by Weinberg for the years ended December 31, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
Audit Fees	\$ 311,090	\$ 279,804
Audit-Related Fees	—	—
Tax Fees	46,603	33,928
All Other Fees	70,575	390
Total	<u>\$ 428,268</u>	<u>\$ 314,122</u>

As defined by the SEC, (i) “audit fees” are fees for professional services rendered by our principal accountant for the audit of our annual financial statements and review of financial statements included in our Form 10-K, or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years; (ii) “audit-related fees” are fees for assurance and related services by our principal accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “audit fees;” (iii) “tax fees” are fees for professional services rendered by our principal accountant for tax compliance, tax advice, and tax planning; and (iv) “all other fees” are fees for products and services provided by our principal accountant, other than the services reported under “audit fees,” “audit-related fees,” and “tax fees.”

Audit Fees

Weinberg provided services for the audits of our financial statements included in Annual Reports on Form 10-K and limited reviews of the financial statements included in Quarterly Reports on Form 10-Q.

Audit Related Fees

Weinberg did not provide any professional services which would be considered “audit related fees.”

Tax Fees

Weinberg prepared our 2025 and 2024 Federal and state income tax returns.

All Other Fees

Services provided by Weinberg with respect to the filing of various registration statements made throughout the year are considered “all other fees.”

Audit Committee Pre-Approval Policies and Procedures

Under the SEC’s rules, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent registered public accounting firm in order to ensure that they do not impair the auditors’ independence. The SEC’s rules specify the types of non-audit services that an independent auditor may not provide to its audit client and establish the Audit Committee’s responsibility for administration of the engagement of the independent registered public accounting firm.

Consistent with the SEC’s rules, the Audit Committee Charter requires that the Audit Committee review and pre-approve all audit services and permitted non-audit services provided by the independent registered public accounting firm to us or any of our subsidiaries. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee and if it does, the decisions of that member must be presented to the full Audit Committee at its next scheduled meeting. Accordingly, 100% of audit services and non-audit services described in this Item 14 were pre-approved by the Audit Committee.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

See Index to Financial Statements in Item 8 of this Annual Report on Form 10-K, which is incorporated herein by reference.

2. Financial Statement Schedules

All other financial statement schedules have been omitted because they are either not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

The exhibits listed below are filed as part of this Annual Report on Form 10-K, 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	
4.1	Form of Warrant to Union Square Park Partners, LP, issued on March 11, 2022	8-K	001-32501	4.1	3/21/2022	
4.2	Form of Warrant 2022 PIPE, issued on March 11, 2022	8-K	001-32501	4.1	3/14/2022	
4.3	Form of Secured Convertible Promissory Note, issued on May 9, 2022	8-K	001-32501	4.1	5/10/2022	
4.4	Form of Warrant, issued on May 25, 2023	8-K	001-32501	4.1	5/31/2023	
4.5†	Warrant Agency Agreement by and between Reed's, Inc. and Transfer Online, Inc., dated December 3, 2025					X
4.6	Form of Warrant to Purchase Common Stock dated December 8, 2025	8-K	001-32501	4.1	12/8/2025	
4.7	Form of Common Stock Certificate	S-1	333-291443	4.6	11/12/2025	
4.8	Description of Securities					X
10.1 ⁺	Form of Reed's Inc. Indemnification Agreement	10-K	001-32501	10.1	4/1/2024	
10.2 ⁺	Reed's Inc. 2020 Equity Incentive Plan, as amended December 30, 2021	10-K	001-32501	10.2	4/1/2024	
10.3 ⁺	Reed's Inc. 2024 Inducement Plan	10-K	001-32501	10.3	4/1/2024	
10.4 ⁺	Employment Agreement by and between Reed's Inc. and Douglas W. McCurdy dated January 31, 2025	10-K	001-32501	10.4	3/28/2025	
10.5 ⁺	Amended and Restated Employment Agreement by and between Reed's Inc. and Norman E. Snyder, Jr. dated June 24, 2020	10-K	001-32501	10.22	4/15/2022	
10.6	Lease by and between Merritt 7 Venture LLC and Reed's Inc. dated May 10, 2024	10-Q	001-32501	10.2	8/13/2024	

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.7†	First Amendment to Lease, by and between Merritt 7 Venture LLC and Reed's Inc., dated April 10, 2025					X
10.8	Second Amendment and Partial Termination of Lease, by and between Merritt 7 Venture LLC and Reed's Inc., dated November 19, 2025					X
10.9	Form of Registration Rights Agreement by and among Reed's Inc. and certain investors dated March 10, 2022	8-K	001-32501	10.2	3/14/2022	
10.10	Registration Rights Agreement by and between Reed's Inc. and purchasers dated May 9, 2022	8-K	001-32501	10.2	5/10/2022	
10.11	Shareholders Agreement by and between Reed's Inc. and D&D Source of Life Holding Ltd., dated May 25, 2023	8-K	001-32501	10.2	5/31/2023	
10.12	Amendment to Shareholders Agreement by and between Reed's Inc. and D&D Source of Life Holding Ltd., dated January 24, 2025	8-K	001-32501	10.1	1/28/2025	
10.13	Board Observer Agreement by and between Reed's Inc. and D&D Source of Life Holding Ltd., dated January 24, 2025	8-K	001-32501	10.2	1/28/2025	
10.14	Registration Rights Agreement by and between Reed's Inc., and D&D Source of Life Holdings Ltd. and certain other investors, dated May 25, 2023	8-K	001-32501	10.3	5/31/2023	
10.15	Securities Purchase Agreement by and between Reed's Inc. and certain investors, dated December 30, 2024	8-K	001-32501	10.1	1/6/2025	
10.16	Registration Rights Agreement by and between Reed's Inc. and certain investors, dated December 30, 2024	8-K	001-32501	10.2	1/6/2025	
10.17	Senior Secured Loan and Security Agreement among Reed's Inc., the lenders party thereto, and Cantor Fitzgerald Securities, as administrative agent and collateral agent, dated November 14, 2024	8-K	001-32501	10.1	11/19/2024	
10.18	Grant of Security Interest in Copyright Rights by Reed's Inc. in favor of Cantor Fitzgerald Securities, as collateral agent, dated November 14, 2024	8-K	001-32501	10.3	11/19/2024	

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.19	Grant of Security Interest in Patent Rights by Reed's Inc. in favor of Cantor Fitzgerald Securities, as collateral agent, dated November 14, 2024	8-K	001-32501	10.4	11/19/2024	
10.20	Grant of Security Interest in Trademark Rights by Reed's Inc. in favor of Cantor Fitzgerald Securities, as collateral agent, dated November 14, 2024	8-K	001-32501	10.5	11/19/2024	
10.21	Subordination Agreement by and among Reed's Inc., Wilmington Savings Fund Society, FSB, as holder representative and collateral agent, D&D Source of Life Holding Ltd. and Cantor Fitzgerald Securities, as administrative agent and collateral agent, dated November 14, 2024	8-K	001-32501	10.6	11/19/2024	
10.22	Pledge Agreement by Reed's Inc. in favor of Cantor Fitzgerald Securities, in its capacity as collateral agent, dated November 14, 2024	8-K	001-32501	10.7	11/19/2024	
10.23	Exchange Agreement by and between Reed's Inc. and D&D Source of Life Holding Ltd., dated November 18, 2024	8-K	001-32501	10.8	11/19/2024	
10.24	Option Exercise and Sixth Amendment to the 10% Secured Convertible Notes by and between Reed's Inc. and each holder and Wilmington Savings Fund Society, FSB, holder representative and collateral agent, dated August 1, 2024	10-Q	001-32501	10.1	8/13/2024	
10.25	Securities Purchase Agreement by and between Reed's Inc. and investors, dated September 9, 2024	8-K	001-32501	10.1	9/13/2024	
10.26	Registration Rights Agreement by and between Reed's Inc. and investors, dated September 9, 2024	8-K	001-32501	10.2	9/13/2024	
10.27	Limited Waiver and Deferral Agreement by and between Reed's Inc. and each holder and Wilmington Savings Fund Society, FSB, holder representative and collateral agent, dated May 17, 2024	10-Q	001-32501	10.3	5/20/2024	
10.28	Amendment to Limited Waiver, Deferral, and Amendment and Restatement Agreement by and between Reed's Inc. and each holder and Wilmington Savings Fund Society, FSB, holder representative and collateral agent, dated April 1, 2024	8-K/A	001-32501	10.1	4/3/2024	
10.29	Limited Waiver, Deferral, and Amendment and Restatement Agreement by and between Reed's Inc. and each holder and Wilmington Savings Fund Society, FSB, holder representative and collateral agent, dated February 12, 2024	8-K	001-32501	10.3	2/13/2024	
10.30 ⁺	Retirement, Transition and Separation Agreement by and between Reed's, Inc. and Norman E. Snyder, Jr. dated April 14, 2025	8-K	001-32501	10.1	4/17/2025	
10.31 ⁺	Executive Employment Agreement by and between Reed's, Inc. and Cyril Wallace dated April 16, 2025	8-K	001-32501	10.2	4/17/2025	
10.32	Form of Securities Purchase Agreement by and between Reed's, Inc. and certain accredited investors dated May 28, 2025	10-Q	001-32501	10.4	8/13/25	
10.33	Form of Registration Rights Agreement by and between Reed's, Inc. and certain accredited investors dated May 28, 2025	10-Q	001-32501	10.4	8/13/25	

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.34	Form of Securities Purchase Agreement, dated as of September 12, 2025, by and between Reed's, Inc. and certain accredited investors	8-K	001-32501	10.1	9/16/2025	
10.35	Form of Registration Rights Agreement, dated as of September 12, 2025, by and between Reed's, Inc. and certain accredited investors	8-K	001-32501	10.1	9/16/2025	
10.36	Amendment No. 1 to Senior Secured Loan and Security Agreement among Reed's, Inc., the lenders party thereto, and Cantor Fitzgerald Securities, as administrative agent and collateral agent, dated September 26, 2025	8-K	001-32501	10.1	9/26/2025	
10.37+	Offer Letter by and between Reed's Inc. and Neal M. Cohane dated December 17, 2025	8-K	001-32501	10.1	12/29/2025	
19.1	Insider Trading Policy					X
21.1	Subsidiaries of Reed's Inc.					X
23.1	Consent of Weinberg & Co., PA., Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (included on the signature page)					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					
97	Reed's, Inc. Clawback Policy for Covered Executives	10-K	001-32501	97	4/1/2024	
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.

† Certain schedules and exhibits to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

Item 16. Form 10K Summary

Not applicable.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 25, 2026

REED'S, INC.
a Delaware corporation

By: /s/ Neal M. Cohane
Neal M. Cohane
Interim Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Neal M. Cohane and Douglas W. McCurdy, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual's substitute, may lawfully do or cause to be done by virtue hereof.

In accordance with the Exchange Act, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.(new board members to be added)

Signature	Title	Date
<u>/s/ Neal M. Cohane</u> Neal M. Cohane	Interim Chief Executive Officer, (Principal Executive Officer), Director	March 25, 2026
<u>/s/ Douglas W. McCurdy</u> Douglas W. McCurdy	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 25, 2026
<u>/s/ Shufen Deng</u> Shufen Deng	Chairperson of the Board	March 25, 2026
<u>/s/ Sam Van</u> Sam Van	Director	March 25, 2026
<u>/s/ Rudolf J. M. Bakker</u> Rudolf J. M. Bakker	Director	March 25, 2026
<u>/s/ Michael C. Tu</u> Michael C. Tu	Director	March 25, 2026

WARRANT AGENT AGREEMENT

This Warrant Agent Agreement (this “Warrant Agreement”), dated as of December 3, 2025 (the “Issuance Date”) between Reed’s, Inc., a company incorporated under the laws of the State of Delaware (the “Company”), and Transfer Online, Inc. (the “Warrant Agent”).

WHEREAS, pursuant to the terms of that certain Underwriting Agreement (“Underwriting Agreement”), to be entered into by and between the Company and Alliance Global Partners, as representative of the underwriters set forth therein, the Company is engaged in a public offering (the “Offering”) of shares (the “Shares”) of common stock, par value \$0.0001 per share (the “Common Stock”) of the Company and warrants (the “Warrants”) to purchase shares of Common Stock, (such shares of Common Stock underlying the Warrants, the “Warrant Shares”);

WHEREAS, the Company has filed with the Securities and Exchange Commission (the “Commission”) a Registration Statement on Form S-1 (File No. 333-291443) (as the same may be amended from time to time, the “Registration Statement”), for the registration under the Securities Act of 1933, as amended (the “Securities Act”), of the Shares, the Warrants and Warrant Shares;

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in accordance with the terms set forth in this Warrant Agreement in connection with the issuance, registration, transfer, exchange and exercise of the Warrants;

WHEREAS, the Company desires to provide for the provisions of the Warrants, the terms upon which they shall be issued and exercised, and the respective rights, limitation of rights, and immunities of the Company, the Warrant Agent, and the holders of the Warrants; and

WHEREAS, all acts and things have been done and performed which are necessary to make the Warrants the valid, binding and legal obligations of the Company, and to authorize the execution and delivery of this Warrant Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Appointment of Warrant Agent. Subject to and conditioned upon the consummation of the transactions contemplated by the Underwriting Agreement, the Company hereby appoints the Warrant Agent to act as agent for the Company with respect to the Warrants, and the Warrant Agent hereby accepts such appointment and agrees to perform the same in accordance with the express terms and conditions set forth in this Warrant Agreement (and no implied terms or conditions).

2. Warrants.

2.1. Form of Warrants.

(a) The Warrants, together with the form of election to purchase Common Stock (the “Exercise Notice”) and the form of assignment to be printed on the reverse thereof shall be substantially in the form of Exhibit A hereto. The Warrants shall be registered securities and shall be evidenced by a global certificate (“Global Certificate”) in the form of Exhibit A to this Warrant Agreement, which shall be deposited on behalf of the Company with a custodian for The Depository Trust Company (“DTC”) and registered in the name of Cede & Co., a nominee of DTC. If DTC subsequently ceases to make its book-entry settlement system available for the Warrants, the Company may instruct the Warrant Agent regarding making other arrangements for book-entry settlement.

(b) In the event that any Warrants are not eligible for, or it is no longer necessary to have the Warrants available in, book-entry form, then the Company may instruct the Warrant to issue certificates

(the "Warrant Certificates") as follows: the Company may instruct the Warrant Agent to provide written instructions to DTC to deliver to the Warrant Agent for cancellation the Global Certificate, and the Company shall instruct the Warrant Agent to deliver to DTC separate Warrant Certificates as requested through the DTC system.

2.2. Issuance and Registration of Warrants.

2.2.1. Warrant Register. The Warrant Agent shall maintain books ("Warrant Register") for the registration of original issuance and the registration of transfer of the Warrants.

2.2.2. Issuance of Warrants. Upon the initial issuance of the Warrants, the Warrant Agent shall issue the Global Certificate and deliver the Warrants in the DTC book-entry settlement system in accordance with written instructions delivered to the Warrant Agent by the Company. Ownership of security entitlements in the Warrants shall be shown on, and the transfer of such ownership shall be effected through, records maintained (i) by DTC and (ii) by institutions that have accounts with DTC (each, a "Participant").

2.2.3. Beneficial Owner; Holder. Prior to due presentment for registration of transfer of any Warrant, the Company and the Warrant Agent may deem and treat the person in whose name that Warrant shall be registered on the Warrant Register (the "Holder") as the absolute owner of such Warrant for purposes of any exercise thereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Warrant Agent or any agent of the Company or the Warrant Agent from giving effect to any written certification, proxy or other authorization furnished by DTC governing the exercise of the rights of a holder of a beneficial interest in any Warrant. The rights of beneficial owners in a Warrant evidenced by the Global Certificate shall be exercised by the Holder or a Participant through the DTC system, except to the extent set forth herein or in the Global Certificate.

2.2.4. Execution. The Warrant Certificates shall be executed on behalf of the Company by any authorized officer of the Company (an "Authorized Officer"), which need not be the same authorized signatory for all of the Warrant Certificates, either manually or by facsimile signature. The Warrant Certificates shall be countersigned by an authorized signatory of the Warrant Agent, which need not be the same signatory for all of the Warrant Certificates, and no Warrant Certificate shall be valid for any purpose unless so countersigned. In case any Authorized Officer of the Company that signed any of the Warrant Certificates ceases to be an Authorized Officer of the Company before countersignature by the Warrant Agent and issuance and delivery by the Company, such Warrant Certificates, nevertheless, may be countersigned by the Warrant Agent, issued and delivered with the same force and effect as though the person who signed such Warrant Certificates had not ceased to be such officer of the Company; and any Warrant Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Warrant Certificate, shall be an Authorized Officer of the Company authorized to sign such Warrant Certificate, although at the date of the execution of this Warrant Agreement any such person was not such an Authorized Officer.

2.2.5. Registration of Transfer. At any time at or prior to the Expiration Date (as defined below), a transfer of any Warrants may be registered and any Warrant Certificate or Warrant Certificates may be split up, combined or exchanged for another Warrant Certificate or Warrant Certificates evidencing the same number of Warrants as the Warrant Certificate or Warrant Certificates surrendered. Any Holder desiring to register the transfer of Warrants or to split up, combine or exchange any Warrant Certificate shall make such request in writing delivered to the Warrant Agent, and shall surrender to the Warrant Agent the Warrant Certificate or Warrant Certificates evidencing the Warrants the transfer of which is to be registered or that is or are to be split up, combined or exchanged and, in the case of registration of transfer, shall provide a signature guarantee. Thereupon, the Warrant Agent shall countersign and deliver to the person entitled thereto a Warrant Certificate or Warrant Certificates, as the case may be, as so requested. The Warrant Agent may require reasonable and customary payment, by the Holder requesting a registration

of transfer of Warrants or a split-up, combination or exchange of a Warrant Certificate (but, for purposes of clarity, not upon the exercise of the Warrants and issuance of Warrant Shares to the Holder), of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with such registration of transfer, split-up, combination or exchange, together with reimbursement to the Warrant Agent of all reasonable expenses incidental thereto.

2.2.6. Loss, Theft and Mutilation of Warrant Certificates. Upon receipt by the Company and the Warrant Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security in customary form and amount, and reimbursement to the Company and the Warrant Agent of all reasonable expenses incidental thereto, and upon surrender to the Warrant Agent and cancellation of the Warrant Certificate if mutilated, the Warrant Agent shall, on behalf of the Company, countersign and deliver a new Warrant Certificate of like tenor to the Holder in lieu of the Warrant Certificate so lost, stolen, destroyed or mutilated. The Warrant Agent may charge the Holder an administrative fee for processing the replacement of lost Warrant Certificates, which shall be charged only once in instances where a single surety bond obtained covers multiple certificates. The Warrant Agent may receive compensation from the surety companies or surety agents for administrative services provided to them.

2.2.7. Proxies. The Holder of a Warrant may grant proxies or otherwise authorize any person, including the Participants and beneficial holders that may own interests through the Participants, to take any action that a Holder is entitled to take under this Agreement or the Warrants; provided, however, that at all times that the Warrants are evidenced by a Global Certificate, exercise of those Warrants shall be effected on their behalf by Participants through DTC in accordance the procedures administered by DTC.

3. [Intentionally Omitted]

4. Terms and Exercise of Warrants.

4.1. Exercise Price. Each Warrant shall entitle the Holder, subject to the provisions of the applicable Warrant and of this Warrant Agreement, to purchase from the Company the number of shares of Common Stock stated therein, at such price as indicated in the applicable Warrant, subject to the subsequent adjustments provided in Section 5 hereof. The term "Exercise Price" as used in this Warrant Agreement refers to the price per share at which shares of Common Stock may be purchased at the time a Warrant is exercised.

4.2. Duration of Warrants. Warrants may be exercised only during the period ("Exercise Period") commencing on the Initial Exercise Date (as defined in the applicable Warrant) and terminating at 5:00 P.M., Eastern Standard Time (the "close of business") on the fifth (5th) anniversary of the Initial Exercise Date ("Expiration Date"). Each Warrant not exercised on or before the Expiration Date shall become void, and all rights thereunder and all rights in respect thereof under this Warrant Agreement shall cease at the close of business on the Expiration Date.

4.3. Exercise of Warrants.

4.3.1. Exercise and Payment.

(a) Subject to the provisions of this Warrant Agreement, a Holder (or a Participant or a designee of a Participant acting on behalf of a Holder) may exercise Warrants by delivering to the Warrant Agent, not later than 5:00 P.M., Eastern Standard Time, on any business day during the Exercise Period an election to purchase the Warrant Shares underlying the Warrants to be exercised (i) in the form included in Exhibit A to this Warrant Agreement or (ii) via an electronic warrant exercise through the DTC system (each, an "Election to Purchase"). No later than one (1) Trading Day following delivery of an Election to Purchase, the Holder (or a Participant acting on behalf of a Holder in accordance with DTC procedures) shall: (i) (A) surrender the Warrant Certificate evidencing the Warrants to the Warrant Agent at its office designated for

such purpose or (B) deliver the Warrants to an account of the Warrant Agent at DTC designated for such purpose in writing by the Warrant Agent to DTC from time to time, and (ii) unless the cashless exercise procedure specified in the warrant is permitted and specified in the applicable Notice of Exercise, deliver to the Company the Exercise Price for each Warrant to be exercised, in lawful money of the United States of America by certified or official bank check payable to the Company or bank wire transfer in immediately available funds to an account specified in writing by the Company.

Notwithstanding any other provision in this Warrant Agreement, a holder whose interest in a Global Warrant is a beneficial interest in a Global Warrant held in book-entry form through DTC (or another established clearing corporation performing similar functions), shall effect exercises by delivering to DTC (or such other clearing corporation, as applicable) the appropriate instruction form for exercise, complying with the procedures to effect exercise that are required by DTC (or such other clearing corporation, as applicable). The Company acknowledges that the bank accounts maintained by the Warrant Agent in connection with the services provided under this Agreement will be in its name and that the Warrant Agent may receive investment earnings in connection with the investment at Warrant Agent risk and for its benefit of funds held in those accounts from time to time. Neither the Company nor the Holders will receive interest on any deposits or Exercise Price.

No ink-original Election to Purchase shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Election to Purchase form be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender the Warrants to the Warrant Agent until the Holder has purchased all of the Warrant Shares available thereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender such Warrant to the Warrant Agent for cancellation within three (3) Trading Days of the date the final Election to Purchase is delivered to the Warrant Agent. Partial exercises of a Warrant resulting in purchases of a portion of the total number of Warrant Shares available thereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Warrant Agent shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. **The Holder and any assignee, by acceptance of a Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face thereof.**

Any person so designated by the Holder (or a Participant or designee of a Participant on behalf of a Holder) to receive Warrant Shares shall be deemed to have become holder of record of such Warrant Shares as of the time that an appropriately completed and duly signed Election to Purchase has been delivered to the Warrant Agent, provided that the Holder (or Participant on behalf of the Holder) makes delivery of the deliverables referenced in the immediately preceding sentence by the date that is one (1) Trading Day after the delivery of the Election to Purchase. If the Holder (or Participant on behalf of the Holder) fails to make delivery of such deliverables on or prior to the Trading Day following delivery of the Election to Purchase, such Election to Purchase shall be void *ab initio*.

(b) If any of (i) the Warrants, (ii) the Election to Purchase, or (iii) the Exercise Price therefor, is received by the Warrant Agent on any date after 5:00 P.M., Eastern Standard Time, or on a date that is not a Trading Day, the Warrants with respect thereto will be deemed to have been received and exercised on the Trading Day next succeeding such date. "Business day" means a day other than a Saturday or Sunday on which commercial Banks in New York City are open for the general conduct of banking business. The "Exercise Date" will be the date on which the materials in the foregoing sentence are received by the Warrant Agent (if by 5:00 P.M., New York City time), or the following Trading Day (if after 5:00 P.M., New York City time), regardless of any earlier date written on the materials. If the Warrants are received or deemed to be received after the Expiration Date, the exercise thereof will be null and void and any funds delivered to the Company will be returned to the Holder or Participant, as the case may be, as soon as practicable. In no event will interest accrue on any funds deposited with the Company in respect of an exercise or attempted

exercise of Warrants.

(c) The Warrant Agent shall deposit all funds received by it in payment of the Exercise Price for all Warrants in the account of the Company maintained with the Warrant Agent for such purpose (or to such other account as directed by the Company in writing) and shall advise the Company via telephone at the end of each day on which funds for the exercise of any Warrant are received of the amount so deposited to its account. The Warrant Agent shall promptly confirm such telephonic advice to the Company in writing.

(d) If less than all the Warrants evidenced by a surrendered Warrant Certificate are exercised, the Warrant Agent shall split up the surrendered Warrant Certificate and return to the Holder a Warrant Certificate evidencing the Warrants that were not exercised.

4.3.2. Issuance of Warrant Shares.

(a) The Warrant Agent shall, no later than 10:00 A.M. Eastern Time on the Trading Day following the Exercise Date of any Warrant, advise the Company in respect of (i) the number of Warrant Shares indicated on the Election to Purchase as issuable upon such exercise with respect to such exercised Warrants, (ii) the instructions of the Holder or Participant, as the case may be, provided to the Warrant Agent with respect to the delivery of the Warrant Shares and the number of Warrants that remain outstanding after such exercise, (iii) the amount of funds for which the exercise of such Warrant is received, and (iv) such other information as the Company shall reasonably request. The Company shall deliver any objection to any Election to Purchase within one (1) business day of receipt of such notice.

(b) The Warrant Agent shall cause, by no later than 5:00 P.M., Eastern Standard Time, on the first Trading Day following the delivery of the Election to Purchase (provided the payment of the Exercise Price has been submitted as required by Section 4.3.1) (such date and time, the "Delivery Time"), to electronically transmit the Warrant Shares issuable upon that exercise to DTC by crediting the account of DTC or of the Participant, as the case may be, through its Deposit/Withdrawal at Custodian (DWAC) system. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable.

4.3.3. Valid Issuance. All Warrant Shares issued by the Company upon the proper exercise of a Warrant in conformity with this Warrant Agreement shall be validly issued, fully paid and non-assessable.

4.3.4. No Fractional Exercise. No fractional Warrant Shares will be issued upon the exercise of the Warrant. If, by reason of any adjustment made pursuant to Section 5, a Holder would be entitled, upon the exercise of such Warrant, to receive a fractional interest in a share, the Company shall, upon such exercise, round up or down, as applicable, to the nearest whole number the number of Warrant Shares to be issued to such Holder.

4.3.5. No Transfer Taxes. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by an assignment form duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall not be required to issue or deliver any certificate for shares of Common Stock upon the exercise of any Warrants until any such tax or governmental charge shall have been paid (any such tax or governmental charge being payable by the Holder of such Warrant Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax or governmental charge is due. Additionally, the Company may

require payment from the Holder of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any split up, combination or exchange of Warrants. The Company shall pay all Transfer Agent fees required for same-day processing of any Election to Purchase and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

4.3.6. Date of Issuance. The Company will treat an exercising Holder as a beneficial owner of the Warrant Shares as of the Exercise Date, except that, if the Exercise Date is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the open of business on the next succeeding date on which the stock transfer books are open.

4.3.7. Restrictive Legend Events.

(a) The Company shall use commercially reasonable efforts to maintain the effectiveness of the Registration Statement and the current status of the prospectus included therein or to file and maintain the effectiveness of another registration statement or to file a registration statement and another current prospectus covering the Warrants and the Warrant Shares at any time that the Warrants are exercisable. The Company shall provide to the Warrant Agent and each Holder prompt written notice of any time that the Company is unable to deliver the Warrant Shares via DTC transfer or otherwise without restrictive legend because (i) the Commission has issued a stop order with respect to the Registration Statement, (ii) the Commission otherwise has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, (iii) the Company has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, (iv) the prospectus contained in the Registration Statement is not available for the issuance of the Warrant Shares to the Holder or (v) otherwise (each a "Restrictive Legend Event"). To the extent that the Warrants cannot be exercised as a result of a Restrictive Legend Event or a Restrictive Legend Event occurs after a Holder has exercised Warrants in accordance with the terms of the Warrants but prior to the delivery of the Warrant Shares, the Company shall, at the election of the Holder, which shall be given within five (5) days of receipt of such notice of the Restrictive Legend Event, either (A) rescind the previously submitted Election to Purchase and the Company shall return all consideration paid by registered holder for such shares upon such rescission, or (B) treat the attempted exercise as a cashless exercise as described in paragraph (b) below and refund the cash portion of the exercise price to the Holder. Notwithstanding anything herein to the contrary, the Company shall not be required to make any cash payments or net cash settlement to the Holder in lieu of delivery of the Warrant Shares.

(b) If a Restrictive Legend Event has occurred, the Warrant shall only be exercisable on a cashless basis as provided in Section 2(c) of that Warrant.

4.3.8. Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the number of Warrant Shares issuable in connection with any exercise, the Company shall promptly deliver to the Holder the number of Warrant Shares that are not disputed.

4.3.9. Beneficial Ownership Limitation. The Company shall not affect any exercise of a Warrant, and a Holder shall not have the right to exercise any portion of a Warrant, pursuant to this Section 4 or otherwise, to the extent that such exercise would be inconsistent with the provisions of Section 2(e) of the Warrant.

5. Adjustments. The Exercise Price and Warrant Shares issuable upon exercise of the Warrants shall be subject to adjustment as set forth in Section 3 of the Warrants.

6. Restrictive Legends; Fractional Warrants. In the event that a Warrant Certificate surrendered for transfer bears a restrictive legend, the Warrant Agent shall not register that transfer until the Warrant Agent has received an opinion of counsel for the Company stating that such transfer may be made and indicating whether the Warrants must also bear a restrictive legend upon that transfer. The Warrant Agent shall not be

required to effect any registration of transfer or exchange which will result in the transfer of or delivery of a Warrant Certificate for a fraction of a Warrant.

7. Other Provisions Relating to Rights of Holders of Warrants.

7.1. No Rights as Stockholder. Except as otherwise specifically provided herein, a Holder, solely in its capacity as a holder of Warrants, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant Agreement be construed to confer upon a Holder, solely in its capacity as the registered holder of Warrants, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of share capital, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights or rights to participate in new issues of shares, or otherwise, prior to the issuance to the Holder of the Warrant Shares which it is then entitled to receive upon the due exercise of Warrants.

7.2. Reservation of Common Stock. The Company shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants issued pursuant to this Warrant Agreement.

8. Concerning the Warrant Agent and Other Matters.

8.1. Any instructions given to the Warrant Agent orally, as permitted by any provision of this Warrant Agreement, shall be confirmed in writing by the Company as soon as practicable. The Warrant Agent shall not be liable or responsible and shall be fully authorized and protected for acting, or failing to act, in accordance with any oral instructions which do not conform with the written confirmation received in accordance with this Section 8.1.

8.2. Whether or not any Warrants are exercised, for the Warrant Agent's services as agent for the Company hereunder, the Company shall pay to the Warrant Agent such fees as may be separately agreed between the Company and Warrant Agent and the Warrant Agent's reasonable and documented out of pocket expenses in connection with this Warrant Agreement, including, without limitation, the reasonable and documented fees and expenses of the Warrant Agent's counsel (provided that the fees and expenses of such counsel shall not exceed \$5,000 without the Company's prior written consent). While the Warrant Agent endeavors to maintain out-of-pocket charges (both internal and external) at competitive rates, these charges may not reflect actual out-of-pocket costs, and may include handling charges to cover internal processing and use of the Warrant Agent's billing systems.

8.3. (a) As agent for the Company hereunder, the Warrant Agent: (a) shall have no duties or obligations other than those specifically set forth herein or as may subsequently be agreed to in writing by the Warrant Agent and the Company; (b) shall be regarded as making no representations and having no responsibilities as to the validity, sufficiency, value, or genuineness of the Warrants or any Warrant Shares; (c) shall not be obligated to take any legal action hereunder; (d) may rely on and shall be fully authorized and protected in acting or failing to act upon any certificate, instrument, opinion, notice, letter, facsimile electronic transmission or other document or security delivered to the Warrant Agent and believed by it to be genuine and to have been signed by the proper party or parties; (e) shall not be liable or responsible for any recital or statement contained in the Registration Statement or any other documents relating thereto; (f) shall not be liable or responsible for any failure on the part of the Company to comply with any of its covenants and obligations relating to the Warrants, including without limitation obligations under applicable securities laws; (g) may rely on and shall be fully authorized and protected in acting or failing to act in good faith upon the written, telephonic or oral instructions with respect to any matter relating to its duties as Warrant Agent covered by this Warrant Agreement (or supplementing or qualifying any such actions) of officers of the Company, and is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the Company or counsel to the Company, and may apply to the Company, for advice or instructions in connection with the Warrant Agent's duties hereunder, and the Warrant Agent shall

not be liable for any delay in acting while waiting for those instructions; any applications by the Warrant Agent for written instructions from the Company may, at the option of the Warrant Agent, set forth in writing any action proposed to be taken or omitted by the Warrant Agent under this Warrant Agreement and the date on or after which such action shall be taken or such omission shall be effective; the Warrant Agent shall not be liable for any action taken by, or omission of, the Warrant Agent in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five business days after the date such application is sent to the Company, unless the Company shall have consented in writing to any earlier date) unless prior to taking any such action, the Warrant Agent shall have received written instructions in response to such application specifying the action to be taken or omitted; (h) may consult with counsel satisfactory to the Warrant Agent, including its in-house counsel, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by it hereunder in good faith and in accordance with the advice of such counsel; (i) may perform any of its duties hereunder either directly or by or through nominees, correspondents, designees, or subagents, and it shall not be liable or responsible for any misconduct or negligence on the part of any nominee, correspondent, designee, or subagent appointed with reasonable care by it in connection with this Warrant Agreement, provided reasonable care was exercised in the selection and continued appointment thereof; (j) is not authorized, and shall have no obligation, to pay any brokers, dealers, or soliciting fees to any person; and (k) shall not be required hereunder to comply with the laws or regulations of any country other than the United States of America or any political subdivision thereof.

(b) In the absence of gross negligence, bad faith or willful misconduct on its part, the Warrant Agent shall not be liable for any action taken, suffered, or omitted by it or for any error of judgment made by it in the performance of its duties under this Warrant Agreement. Anything in this Warrant Agreement to the contrary notwithstanding, in no event shall Warrant Agent be liable for special, indirect, incidental, consequential or punitive losses or damages of any kind whatsoever (including but not limited to lost profits), even if the Warrant Agent has been advised of the possibility of such losses or damages and regardless of the form of action. Any liability of the Warrant Agent will be limited in the aggregate to the amount of fees paid by the Company hereunder. The Warrant Agent shall not be liable for any failures, delays or losses, arising directly or indirectly out of conditions beyond its reasonable control including, but not limited to, acts of government, exchange or market ruling, suspension of trading, work stoppages or labor disputes, fires, civil disobedience, riots, rebellions, storms, electrical or mechanical failure, computer hardware or software failure, communications facilities failures including telephone failure, war, terrorism, insurrection, earthquakes, floods, acts of God or similar occurrences.

(c) In the event any question or dispute arises with respect to the proper interpretation of the Warrants or the Warrant Agent's duties under this Warrant Agreement or the rights of the Company or of any Holder, the Warrant Agent shall not be required to act and shall not be held liable or responsible for its refusal to act until the question or dispute has been judicially settled (and, if appropriate, it may file a suit in interpleader or for a declaratory judgment for such purpose) by final judgment rendered by a court of competent jurisdiction, binding on all persons interested in the matter which is no longer subject to review or appeal, or settled by a written document in form and substance satisfactory to Warrant Agent and executed by the Company and each such Holder. In addition, the Warrant Agent may require for such purpose, but shall not be obligated to require, the execution of such written settlement by all the Holders and all other persons that may have an interest in the settlement.

8.4. The Company covenants to indemnify the Warrant Agent and hold it harmless from and against any loss, liability, claim or expense ("Loss") arising out of or in connection with the Warrant Agent's duties under this Warrant Agreement, including the reasonable costs and expenses of defending itself against any Loss, unless such Loss shall have been determined by a court of competent jurisdiction to be primarily a result of the Warrant Agent's gross negligence, bad faith or willful misconduct.

8.5. Unless terminated earlier by the parties hereto, this Agreement shall terminate ninety (90) days after the earlier of the Expiration Date and the date on which no Warrants remain outstanding

(the "Termination Date"). On the business day following the Termination Date, the Agent shall deliver to the Company any entitlements, if any, held by the Warrant Agent under this Warrant Agreement. The Agent's right to be reimbursed for fees, charges and out-of-pocket expenses as provided in this Section 8 shall survive the termination of this Warrant Agreement.

8.6. If any provision of this Warrant Agreement shall be held illegal, invalid, or unenforceable by any court, this Warrant Agreement shall be construed and enforced as if such provision had not been contained herein and shall be deemed an Agreement among the parties to it to the full extent permitted by applicable law.

8.7. The Company represents and warrants that: (a) it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation; (b) the offer and sale of the Warrants and the execution, delivery and performance of all transactions contemplated thereby (including this Warrant Agreement) have been duly authorized by all necessary corporate action and will not result in a breach of or constitute a default under the articles of association, bylaws or any similar document of the Company or any indenture, agreement or instrument to which it is a party or is bound; (c) this Warrant Agreement has been duly executed and delivered by the Company and constitutes the legal, valid, binding and enforceable obligation of the Company; (d) the Warrants will comply in all material respects with all applicable requirements of law; and (e) to its knowledge, there is no litigation pending or threatened as of the date hereof in connection with the offering of the Warrants.

8.8. In the event of inconsistency between this Warrant Agreement and the descriptions in the Registration Statement, as they may from time to time be amended, the terms of this Warrant Agreement shall control.

8.9. Set forth in Exhibit B hereto is a list of the names and specimen signatures of the persons authorized to act for the Company under this Warrant Agreement (the "Authorized Representatives"). The Company shall, from time to time, certify to you the names and signatures of any other persons authorized to act for the Company under this Warrant Agreement.

8.10. Except as expressly set forth elsewhere in this Warrant Agreement, all notices, instructions and communications under this Agreement shall be in writing, shall be effective upon receipt and shall be addressed, if to the Company, to its address set forth beneath its signature to this Agreement, or, if to the Warrant Agent, to Transfer Online, Inc., [address], or to such other address of which a party hereto has notified the other party.

8.11. (a) This Warrant Agreement shall be governed by and construed in accordance with the laws of the State of New York. All actions and proceedings relating to or arising from, directly or indirectly, this Warrant Agreement may be litigated in courts located within the Borough of Manhattan in the City and State of New York. The Company hereby submits to the personal jurisdiction of such courts and consents that any service of process may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices hereunder. Each of the parties hereto hereby waives the right to a trial by jury in any action or proceeding arising out of or relating to this Warrant Agreement.

(b) This Warrant Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. This Warrant Agreement may not be assigned, or otherwise transferred, in whole or in part, by either party without the prior written consent of the other party, which the other party will not unreasonably withhold, condition or delay; except that (i) consent is not required for an assignment or delegation of duties by Warrant Agent to any affiliate of Warrant Agent and (ii) any reorganization, merger, consolidation, sale of assets or other form of business combination by Warrant Agent or the Company shall not be deemed to constitute an assignment of this Warrant Agreement. (c) No provision of this Warrant Agreement may be amended, modified or waived, except in a written document signed by both parties. The Company and the Warrant Agent may amend or supplement this Warrant Agreement without the consent of any Holder for the purpose of curing any ambiguity, or curing, correcting

or supplementing any defective provision contained herein or adding or changing any other provisions with respect to matters or questions arising under this Agreement as the parties may deem necessary or desirable and that the parties determine, in good faith, shall not adversely affect the interest of the Holders. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company, on the one hand, and the Holders or the beneficial owners of Warrants representing more than 50% of the Warrant Shares issuable under the Warrants then-outstanding (the "Required Holders") as of the date such consent is sought, on the other hand; provided, that if any amendment or modification disproportionately and adversely impacts a Holder (or group of Holders), the consent of such disproportionately impacted Holder (or group of Holders) shall also be required; provided further, that if any such amendment or modification shall affect the rights, immunities, liabilities, duties or obligations of the Warrant Agent, the Warrant Agent's written consent to modify or amend the provisions hereof will be required.

8.12. Payment of Taxes. The Company will from time to time promptly pay all taxes and charges that may be imposed upon the Company or the Warrant Agent in respect of the issuance or delivery of Warrant Shares upon the exercise of Warrants, but the Company may require the Holders to pay any transfer taxes in respect of the Warrants or such shares. The Warrant Agent may refrain from registering any transfer of Warrants or any delivery of any Warrant Shares unless or until the persons requesting the registration or issuance shall have paid to the Warrant Agent for the account of the Company the amount of such tax or charge, if any, or shall have established to the reasonable satisfaction of the Company and the Warrant Agent that such tax or charge, if any, has been paid.

8.13. Resignation of Warrant Agent.

8.13.1. Appointment of Successor Warrant Agent. The Warrant Agent, or any successor to it hereafter appointed, may resign its duties and be discharged from all further duties and liabilities hereunder after giving thirty (30) days' notice in writing to the Company, or such shorter period of time agreed to by the Company. The Company may terminate the services of the Warrant Agent, or any successor Warrant Agent, after giving thirty (30) days' notice in writing to the Warrant Agent or successor Warrant Agent, or such shorter period of time as agreed. If the office of the Warrant Agent becomes vacant by resignation, termination or incapacity to act or otherwise, the Company shall appoint in writing a successor Warrant Agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of 30 days after it has been notified in writing of such resignation or incapacity by the Warrant Agent, then the Holder may apply to any court of competent jurisdiction for the appointment of a successor Warrant Agent. Pending appointment of a successor to such Warrant Agent, either by the Company or by such a court, the duties of the Warrant Agent shall be carried out by the Company. Any successor Warrant Agent (but not including the initial Warrant Agent), whether appointed by the Company or by such court, shall be a person organized and existing under the laws of any state of the United States of America, in good standing, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. After appointment, any successor Warrant Agent shall be vested with all the authority, powers, rights, immunities, duties, and obligations of its predecessor Warrant Agent with like effect as if originally named as Warrant Agent hereunder, without any further act or deed, and except for executing and delivering documents as provided in the sentence that follows, the predecessor Warrant Agent shall have no further duties, obligations, responsibilities or liabilities hereunder, but shall be entitled to all rights that survive the termination of this Warrant Agreement and the resignation or removal of the Warrant Agent, including but not limited to its right to indemnity hereunder. If for any reason it becomes necessary or appropriate or at the request of the Company, the predecessor Warrant Agent shall execute and deliver, at the expense of the Company, an instrument transferring to such successor Warrant Agent all the authority, powers, and rights of such predecessor Warrant Agent hereunder; and upon request of any successor Warrant Agent the Company shall make, execute, acknowledge, and deliver any and all instruments in writing for more fully and effectually vesting in and confirming to such successor Warrant Agent all such authority, powers, rights, immunities, duties, and obligations.

8.13.2. Notice of Successor Warrant Agent. In the event a successor Warrant Agent shall

be appointed, the Company shall give notice thereof to the predecessor Warrant Agent and the transfer agent for the Common Stock not later than the effective date of any such appointment.

8.13.3. Merger or Consolidation of Warrant Agent. Any person into which the Warrant Agent may be merged or converted or with which it may be consolidated or any person resulting from any merger, conversion or consolidation to which the Warrant Agent shall be a party or any person succeeding to the shareowner services business of the Warrant Agent or any successor Warrant Agent shall be the successor Warrant Agent under this Warrant Agreement, without any further act or deed. For purposes of this Warrant Agreement, "person" shall mean any individual, firm, corporation, partnership, limited liability company, joint venture, association, trust or other entity, and shall include any successor (by merger or otherwise) thereof or thereto.

9. Miscellaneous Provisions.

9.1. Persons Having Rights under this Warrant Agreement. Nothing in this Warrant Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the parties hereto and the Holders any right, remedy, or claim under or by reason of this Warrant Agreement or of any covenant, condition, stipulation, promise, or agreement hereof.

9.2. Examination of the Warrant Agreement. A copy of this Warrant Agreement shall be available at all reasonable times at the office of the Warrant Agent designated for such purpose for inspection by any Holder. Prior to such inspection, the Warrant Agent may require any such holder to provide reasonable evidence of its interest in the Warrants.

9.3. Counterparts. This Warrant Agreement may be executed in any number of original, facsimile or electronic counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

9.4. Effect of Headings. The Section headings herein are for convenience only and are not part of this Warrant Agreement and shall not affect the interpretation thereof.

10. Certain Definitions. As used herein, the following terms shall have the following meanings:

(a) "Trading Day" means any day on which the Common Stock is traded on the Trading Market, or, if the Trading Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market in the United States on which the Common Stock is then traded, provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 P.M., Eastern Standard Time).

(b) "Trading Market" means NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange.

[Signature Page to Follow]

IN WITNESS WHEREOF, this Warrant Agent Agreement has been duly executed by the parties hereto as of the day and year first above written.

REED'S, INC.

By: /s/ Douglas W. McCurdy
Name: Douglas W. McCurdy
Title: Chief Financial Officer

TRANSFER ONLINE, INC.

By: /s/ Lori Livingston
Name: Lori Livingston
Title: President/CEO

EXHIBIT A

COMMON STOCK PURCHASE WARRANT

REED'S, INC.

Warrant No.:

Warrant Shares: _____

Original Issuance Date: _____, 2025

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, [____] or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York City time) on the date which is the five year anniversary of the Initial Exercise Date (the "Termination Date"), but not thereafter, to subscribe for and purchase from **Reed's, Inc.**, a Delaware corporation (the "Company"), up to [____] shares (as subject to adjustment hereunder, the "Warrant Shares") of the Company's common stock, par value \$.0001 per share ("Common Stock"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

The Warrant shall initially be issued and maintained in the form of a security held in book-entry form, and the Depository Trust Company, or its nominee ("DTC"), shall initially be the sole registered holder of this Warrant, unless a Holder elects to receive a Warrant in certificated form pursuant to the terms of the Warrant Agency Agreement.

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Underwriting Agreement (the "Agreement"), dated December [●], 2025, between the Company and A.G.P./Alliance Global Partners, as representative of the several underwriters named therein.

Section 2. Exercise.

- a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy or PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) one (1) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares

available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.** For purposes of this Warrant, "Trading Day" means a day on which the Common Stock is traded on any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American LLC, The Nasdaq Capital Market, The Nasdaq Global Market, The Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing) (each, a "Trading Market").

Notwithstanding the foregoing in this Section 2(a), a Holder, whose interest in this Warrant is a beneficial interest in certificate(s) representing this Warrant held in book-entry form through DTC (or another established clearing corporation performing similar functions), shall effect exercises made pursuant to this Section 2(a) by delivering to DTC (or such other clearing corporation, as applicable) the appropriate instruction form for exercise, complying with the procedures to effect exercise that are required by DTC (or such other clearing corporation, as applicable), subject to a Holder's right to elect to receive a Warrant in certificated form pursuant to the terms of the Warrant Agency Agreement, in which case this sentence shall not apply.

b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be \$[●], subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If, and only if, at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(68) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. as of the time of the Holder's execution of the applicable Notice of Exercise if such Notice of Exercise is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of "regular trading hours" on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

“Bid Price” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Company’s Board of Directors and reasonably acceptable to the Holders or the beneficial owners of Warrants representing more than 50% of the Warrant Shares issuable under the Warrants then-outstanding, the fees and expenses of which shall be paid by the Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Company’s Board of Directors and reasonably acceptable to the Holders or the beneficial owners of Warrants representing more than 50% of the Warrant Shares issuable under the Warrants then-outstanding, the fees and expenses of which shall be paid by the Company.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act of 1933, as amended, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised. The Company agrees not to take any position contrary to this Section 2(c).

d) Mechanics of Exercise.

- i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by Transfer Online, Inc. or any successor transfer agent of the Company (the “Transfer Agent”) to the Holder by crediting the account of the Holder’s or its designee’s balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system (“DWAC”) if the Company

is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) this Warrant is being exercised via cashless exercise, and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earlier of (i) one (1) Trading Day (T+1) and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received by the Warrant Share Delivery Date. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

- ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.
- iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.
- iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date and, if the Holder has paid any required Exercise Price for the portion of the Warrant being exercised on or prior to such Warrant Share Delivery Date (or utilized cashless exercise, if available), other than a failure caused by incorrect or incomplete information provided by the Holder to the Company, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the

Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including customary brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice within three (3) Trading Days after the occurrence of a Buy-In, indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

- v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

- vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing

similar functions) required for same-day electronic delivery of the Warrant Shares.

- vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

- e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates (as defined below), and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other securities of the Company or its subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock (collectively, "Common Stock Equivalents") subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Company each time it delivers a Notice of Exercise that such Notice of Exercise has not violated the restrictions set forth in this paragraph, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written request of a Holder, the

Company shall within one (1) Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The “Beneficial Ownership Limitation” shall be 4.99% (or, upon election by a Holder prior to the issuance of any Warrants, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon written notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant. As used herein, the term “Affiliate” means any individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind (each, a “Person”) that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act of 1933, as amended.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the “Purchase Rights”), then the Holder will be entitled to

acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, other than as in Section 3(a), by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of the Company's assets in one or a series of related transactions, (iii) any direct or indirect purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of more than 50% of the outstanding Common Stock or more than 50% of the voting power of the common equity of the Company, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of shares of Common Stock or any compulsory share exchange pursuant to which the shares of Common Stock are effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding Common

Stock or more than 50% of the voting power of the common equity of the Company (each a “Fundamental Transaction”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the “Alternate Consideration”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction (other than (x) any stock split or reverse stock split, (y) any transaction effected solely for the purpose of changing the jurisdiction of incorporation of the Company, or (z) any holding company reorganization or parent-subsidiary merger not requiring stockholder approval pursuant to Sections 251(g) or 253 of the General Corporation Law of the State of Delaware (or any successor provisions thereof)), the Company or any Successor Entity (as defined below) shall, at the Holder’s option, exercisable at any time concurrently with, or within thirty (30) days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder, as described below, an amount of consideration equal to the Black Scholes Value (as defined below) of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction, provided, however, that, if the Fundamental Transaction is not within the Company’s control, including not approved by the Company’s Board of Directors, Holder shall only be entitled to receive from the Company or any Successor Entity, as of the date of the consummation of such Fundamental Transaction the same type or form of consideration (and in the same proportion) that is being offered and paid to the holders of Common Stock of the Company in connection with the Fundamental Transaction, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of Common Stock are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction; provided further, that if holders of Common Stock of the Company are not offered or paid any consideration in such Fundamental Transaction, such holders of Common Stock will be deemed to have received shares of the Successor Entity (which Successor Entity may be the Company following such Fundamental Transaction) in such Fundamental Transaction. “Black Scholes Value” means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the “OV” function on Bloomberg determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the 100 day volatility obtained from the HVT function on Bloomberg (determined utilizing a 365-day annualization factor) as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the greater of (i) the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any,

being offered in such Fundamental Transaction and (ii) the highest VWAP during the period beginning on the Trading Day immediately preceding the public announcement of the applicable Fundamental Transaction (or the consummation of the applicable Fundamental Transaction, if earlier) and ending on the Trading Day of the Holder's request pursuant to this Section 3(d), (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date and (E) a zero cost of borrow. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds within five Business Days of the Holder's election (or, if later, on the effective date of the Fundamental Transaction). The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(d) pursuant to written agreements in form and substance reasonably satisfactory to the Required Holders (as defined below) and approved by the Required Holders (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to or concurrent with such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

g) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights

or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Company's subsidiaries, the Company shall simultaneously file such notice with the Securities and Exchange Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. If this Warrant is not held in global form through DTC (or any successor depositary), this Warrant may be divided or combined with other Warrants upon

presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Warrant Agent shall register this Warrant, upon records to be maintained by the Warrant Agent for that purpose (the “Warrant Register”), in the name of the record Holder hereof from time to time. The Company and the Warrant Agent may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3. Without limiting the rights of a Holder to receive Warrant Shares on a “cashless exercise” pursuant to Section 2(c), or to receive the cash payments contemplated pursuant to Sections 2(d)(i) and 2(d)(iv), in no event will the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then, such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares. The Company covenants that, at all times during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in

respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action, which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or their respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder (including, without limitation, any Notice of Exercise) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via confirmed email prior to 5:30 P.M., New York City time, on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via confirmed e-mail on a day that is not a Trading Day or later than 5:30 P.M., New York City time, on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service specifying next business day delivery, or (iv) upon actual receipt by the Person to whom such notice is required to be given, if by hand delivery. The addresses and e-mail addresses for such communications shall be:

If to the Company:

Reed's, Inc.
501 Merritt 7 PH
Norwalk, Connecticut 06851
Attention: Chief Executive Officer
Email: cwallace@reedsinc.com

With a copy to:

Cooley LLP
55 Hudson Yards
New York, New York 10001
Attn: Yvan-Claude Pierre, Esq.
Email: ypierre@cooley.com

If to the Holder, to its address or e-mail address on the books and records of the Company.

Notwithstanding any other provision of the Warrant, as to any Warrant not held in certificated form, where the Warrant provides for notice of any event to a Holder, such notice shall be sufficiently given if given to DTC (or any successor depository) pursuant to the procedures of DTC (or such successor depository).

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under

this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company, on the one hand, and the Holders or the beneficial owners of Warrants representing more than 50% of the Warrant Shares issuable under the Warrants then-outstanding (the "Required Holders") as of the date such consent is sought, on the other hand; provided, that if any amendment or modification disproportionately and adversely impacts a Holder (or group of Holders), the consent of such disproportionately impacted Holder (or group of Holders) shall also be required; provided further, that if any such amendment or modification shall affect the rights, immunities, liabilities, duties or obligations of the Warrant Agent, the Warrant Agent's written consent to modify or amend the provisions hereof will be required.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

o) Warrant Agency Agreement. If this Warrant is held in global form through DTC (or any successor depository), this Warrant is issued subject to the Warrant Agency Agreement. To the extent any provision of this Warrant conflicts with the express provisions of the Warrant Agency Agreement, the provisions of this Warrant shall govern and be controlling; provided, however, that the express terms of the Warrant Agency Agreement shall control and supersede any provision in this Warrant concerning the rights, duties, obligations, protections, immunities and liability of the Warrant Agent.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

REED'S, INC.

By: _____

Name:

Title:

NOTICE OF EXERCISE

TO: REED'S, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in the sum of \$_____, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

if permitted, the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number:

[SIGNATURE OF HOLDER]

Name of Investing Entity:

Signature of Authorized Signatory of Investing Entity:

Name of Authorized Signatory:

Title of Authorized Signatory:

Date:

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to:

Name: _____
(Please Print)

Address: _____

(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

EXHIBIT B

AUTHORIZED REPRESENTATIVES



DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of Reed's, Inc. (the "Company," "we" or "our"), and certain provisions of the Company's amended certificate of incorporation (as amended from time to time, the "Amended Certificate"), and the second amended and restated bylaws (the "Bylaws"), are summaries. These summaries are qualified in their entirety by reference to Delaware law and the complete text of our Amended Certificate and Bylaws, which are incorporated by reference as Exhibits 3.1 and 3.2, and 3.3, respectively, of the Company's Annual Report on Form 10-K, to which this description is also an exhibit.

General

The Amended Certificate authorizes us to issue up to 60,000,000 shares of common stock, par value \$0.0001 per share, and 500,000 shares of preferred stock, par value \$10.0 per share. Our board of directors may establish the rights and preferences of the preferred stock from time to time.

Common Stock***Voting***

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting shares are able to elect all of the directors.

Dividends

Subject to preferences that may be applicable to any then-outstanding preferred stock, the holders of common stock are entitled to receive ratably dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution or winding-up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Rights, Preferences, and Privileges

Except as described below, holders of our common stock have no preemptive, conversion, or subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences, and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of our Series A convertible preferred stock and any other series of preferred stock that we may designate and issue in the future.

Pursuant to that certain Shareholders Agreement, dated as of May 25, 2023, as amended on January 24, 2025, by and between us and D&D Source of Life Holding Ltd. ("D&D"), we agreed to provide contractual preemptive rights to D&D. If, at any time, we (or any of our subsidiaries or affiliates) propose to issue equity securities or any securities convertible into or having the rights to purchase any equity securities, then we shall first offer in writing to sell such securities to D&D on the same terms and conditions as proposed by us to any other investors, subject to certain exceptions. In such event, D&D has the option to purchase its pro rata portion of the securities proposed to be offered, calculated on a fully diluted basis, at the price and upon the terms set forth in such writing.

Fully Paid and Nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable.

Preferred Stock

Under our Amended Certificate, our board of directors has the authority, without further action by the stockholders, to issue up to 500,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations, or restrictions thereon and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control that may otherwise benefit holders of our common stock and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock.

Series A Convertible Preferred Stock

As of December 31, 2025, 9,411 shares of Series A convertible preferred stock were outstanding. Each share of our Series A convertible preferred stock is convertible, at any time by the holder, into 0.0133 shares of our common stock, subject to further adjustment in the event of stock splits, reverse stock splits, stock dividends, recapitalization, reclassification, and similar transactions.

Dividends on our Series A convertible preferred stock are payable at the rate of 5% annually, pro-rata and non-cumulative. The dividend can be paid in cash or, at the discretion of our board of directors, in shares of common stock based on its then fair market value. We cannot declare or pay any dividend on shares of our common stock until the holders of the Series A convertible preferred stock have received their annual dividend. In addition, the holders of the Series A convertible preferred stock are entitled to receive pro rata distributions of dividends on an "as converted" basis with the holders of our common stock.

Except as provided by law, the holders of our Series A convertible preferred stock do not have the right to vote on any matters, including the election of directors. However, so long as any shares of the Series A convertible preferred stock are outstanding, we shall not, without the approval of holders holding a majority of the Series A convertible preferred stock, authorize or issue any equity security having a preference over the Series A convertible preferred stock with respect to dividends, liquidation, redemption or voting, including any other security convertible into or exercisable for any senior preferred stock.

In the event of any liquidation, dissolution or winding up of the company, or if there is a change of control event, the holders of our Series A convertible preferred stock are entitled to receive, prior to distributions to the holders of common stock, \$10.00 per share plus all accrued and unpaid dividends. Thereafter, all remaining assets are distributed pro rata among all security holders. Since June 30, 2008, we have the right, but not the obligation, to redeem all or any portion of the Series A convertible preferred stock at \$10.00 per share, the original issue price, plus all accrued and unpaid dividends.

Warrants to Purchase Common Stock

As of December 31, 2025, there were 2,963,215 shares of common stock issuable upon the exercise of warrants outstanding, at a weighted average exercise price of \$5.77 per share. Each warrant entitles the registered holder to purchase one share of common stock at a price per share described below and subject to adjustment as discussed below.

Exercisability

The warrants may be converted into shares of common stock at the applicable holder's option.

Exercise Price

The exercise price per share of common stock purchasable upon exercise of the warrants is:

- \$4.50 as to 2,875,000 warrants outstanding;
- \$15.51 as to 52,224 warrants outstanding;
- \$138.00 as to 5,000 warrants outstanding; and
- \$86.31 as to 30,991 warrants outstanding.

Expiration

The warrants will expire on:

- December 8, 2030 as to 2,875,000 warrants outstanding;
- May 25, 2026 as to 52,224 warrants outstanding;
- November 24, 2026 as to 5,000 warrants outstanding; and
- September 11, 2027 as to 30,991 warrants outstanding.

Transferability

Subject to applicable laws, the warrants may be transferred at the option of the holders upon completion and delivery to us of a written assignment.

Adjustments; Change in Control Transaction

The exercise price and shares of common stock issuable upon exercise of the outstanding warrants are subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common stock. Further, the exercise price and shares of common stock issuable upon exercise of the warrants are subject to appropriate adjustment in the event we consummate certain change in control or capital reorganization transactions as set forth in such warrant.

In addition, with respect to 91,550 warrants outstanding as of December 31, 2025, in the event we grant, issue or sell any shares of common stock (or securities convertible or exchangeable into common stock) or rights to purchase stock, warrants, securities or other property pro rata to all (or substantially all) of the record holders of any class of shares of common stock (the "Purchase Rights"), then the holders of certain outstanding warrants will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the applicable holder could have acquired if such holder had held the number of shares of common stock acquirable upon complete exercise of the warrant immediately before the date of the grant, issuance or sale of such Purchase Rights.

Registration Rights

Certain holders of shares of our common stock are entitled to certain rights with respect to registration of such shares under the Securities Act pursuant to the terms of certain registration rights agreements. The registration rights agreements also contain customary provisions relating to expenses and indemnification. We have filed registration statements on Form S-1 for the registration of such registrable securities for resale, and have agreed to maintain the effectiveness of such registration statements until the date on which all of such registrable securities have been sold by the holders or such securities have become eligible for resale without volume or manner-of-sale restrictions and without current public information pursuant to Rule 144, among other things.

Anti-Takeover Effects of Provisions of Our Amended Certificate of Incorporation, Our Second Amended and Restated Bylaws, and Delaware Law

Section 203 of the Delaware General Corporation Law

We are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a public Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the time that such stockholder became an interested stockholder, unless:

- prior to such time the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 ⅔% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation or any direct or indirect majority-owned subsidiary of the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder (in one transaction or a series of transactions);
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation or by any direct or indirect majority-owned subsidiary of the corporation of any stock of the corporation or of such subsidiary to the interested stockholder;
- any transaction involving the corporation or any direct or indirect majority-owned subsidiary of the corporation that has the effect, directly or indirectly, of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- any receipt by the interested stockholder of the benefit, directly or indirectly, of any loans, advances, guarantees, pledges, or other financial benefits by or through the corporation.

In general, Section 203 defines an “interested stockholder” as any entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Amended Certificate of Incorporation and Second Amended and Restated Bylaws

Provisions of our Amended Certificate and Bylaws may delay or discourage transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our common stock.

For example, our authorized but unissued shares of common stock are available for our board of directors to issue without stockholder approval. We may use these additional shares for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of our authorized but unissued shares of common stock could render more difficult or discourage an attempt to obtain control of our company by means of a proxy contest, tender offer, merger or other transaction. Our authorized but unissued shares may be used to delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. The board of directors is also authorized to adopt, amend or repeal our Bylaws (provided, however, that no such adoption, amendment, or repeal shall be valid with respect to bylaw provisions which have been adopted, amended, or repealed by the stockholders; and further provided, that bylaw provisions adopted or amended by the board of directors and any powers thereby conferred may be amended, altered, or repealed by the stockholders) which could delay, defer or prevent a change in control.

Choice of Forum

Our Bylaws provide that, unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware and any appellate court therefrom shall be the sole and exclusive forum for: (a) any derivative claim or cause of action brought on behalf of the Company; (b) any claim or cause of action that is based upon a violation of a duty owed by any current or former director, officer, other employee or stockholder of the Company, to the Company or the Company's stockholders; (c) any claim or cause of action against the Company or any current or former director, officer or other employee of the Company, arising out of or pursuant to any provision of the Delaware General Corporation Law, the Amended Certificate or Bylaws; (d) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of the Amended Certificate or Bylaws (including any right, obligation, or remedy thereunder); (e) any claim or cause of action as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; and (f) any claim or cause of action against the Company or any current or former director, officer or other employee of the Company, governed by the internal affairs doctrine or otherwise related to the Company's internal affairs, in all cases to the fullest extent permitted by applicable law; provided, however, that if such court does not have, or declines to accept, jurisdiction over such a claim or cause of action, then the United States District Court for the District of Delaware shall be the sole and exclusive forum for such claim or cause of action. In addition, the Bylaws provide that the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

Listing

Our common stock is currently listed on NYSE American, LLC under the symbol "REED".

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Transfer Online, Inc., telephone (503) 227-2950.

FIRST AMENDMENT OF LEASE

FIRST AMENDMENT OF LEASE (this "**Amendment**") made this 10th day of April 2025, by and between MERRITT 7 VENTURE L.L.C., a Delaware limited liability company, having an office and place of business at c/o Marcus Partners Management, 501 Merritt 7 Corporate Park, Norwalk, Connecticut 06851 ("**Landlord**"), and REED'S INC., a Delaware corporation, with an office at 501 Merritt 7 Corporate Park, Norwalk, Connecticut 06851 ("**Tenant**").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into that certain Lease dated May 10, 2024 (the "**Lease**"), whereby Landlord demised to Tenant certain space (the "**Existing Premises**") consisting of 5,154 rentable square feet located on the penthouse level in that certain building known as 501, Merritt 7 Corporate Park, Norwalk, Connecticut (the "**Building**"); and

WHEREAS, Landlord and Tenant desire to amend the Lease to: (i) add certain additional premises in the Building to the Existing Premises; and (ii) otherwise amend the Lease, all on the terms and conditions contained in this Amendment (the Lease, as modified by this Amendment, is hereinafter referred to as the "**Lease**").

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, Landlord and Tenant agree as follows:

1. Capitalized and Confirmation of Terms. (a) Each capitalized term used in this Amendment but not defined in this Amendment shall have the meaning ascribed to such term in the Lease.

(b) In accordance with that certain Lease Commencement Date Notice and Agreement, Landlord and Tenant acknowledged and agreed that, with respect to the Lease: (i) the Commencement Date occurred on December 1, 2024; (ii) the Base Rent Commencement Date will occur on June 1, 2025; and (iii) the Expiration Date will occur on November 30, 2035.

2. New Space. (a) The area on the penthouse level of the Building, substantially as shown labeled on the plan annexed hereto as Schedule A (the "**New Space**"), which is contiguous to the Existing Premises, is hereby added to, and shall be considered a part of the premises demised under the lease, commencing on the date (the "**New Space Commencement Date**") upon which Landlord delivers possession of the New Space to Tenant with Landlord's First Amendment Work Substantially Complete (as such terms are hereinafter defined). Landlord and Tenant conclusively agree, without representation, that for the purposes of this Amendment and the Lease: (i) the New Space is deemed to contain 2,420 rentable square feet; and (ii) from and after the New Space Commencement Date (x) the Demised Premises (and all references in the Lease thereto) shall consist of both the Existing Premises and the New Space and shall be deemed to contain a total of 7,574 rentable square feet and (y) Exhibit 1.01 of the lease shall be deemed to include Schedule A of this Amendment.

(b) Landlord may submit to Tenant a written agreement confirming the date fixed by Landlord, in accordance with the provisions of this Amendment, as the New Space

Commencement Date and Tenant shall execute such agreement and return it to Landlord within ten (10) days thereafter. Any failure of the parties to execute such written agreement shall not affect the validity of the New Space Commencement Date determined by Landlord in accordance herewith.

(c) Tenant shall lease the New Space in “as is” condition, it being understood that Landlord is not obligated to perform any work or to supply any materials to prepare the New Space for Tenant’s initial occupancy, except Landlord shall perform Landlord’s First Amendment Work in accordance with the terms of the Work Agreement annexed hereto as Schedule B. Tenant, acknowledging that Landlord will be performing portions of Landlord’s First Amendment Work within the Existing Premises during normal business hours, shall use commercially reasonable efforts to minimize its interference with the performance of Landlord’s First Amendment Work. Landlord shall use commercially reasonable efforts to minimize its interference with the conduct of Tenant’s business within the Existing Premises during the conduct of Landlord’s First Amendment Work, provided, however, Landlord shall have no obligation to employ contractors or labor at so-called overtime or other premium pay rates or to incur any other overtime costs in connection with Landlord’s First Amendment Work.

(d) Landlord shall promptly commence and substantially complete with diligence Landlord’s First Amendment Work; provided, however, Landlord shall have no liability to Tenant if Landlord is unable to deliver the New Space to Tenant on any specific date for any reason whatsoever and the validity of this Amendment and the Lease (and the letting of the New Space to Tenant) shall not be impaired thereby.

3. Base Rent. (a) Tenant shall continue to pay Base Rent applicable to the Existing Premises pursuant to Section 2.02 of the Lease through and including the day prior to the New Space Commencement Date.

(a) From and after the New Space Commencement Date, the Base Rent for the entire Demised Premises (including the Existing Premises and the New Space) shall be:

(i) \$151,480.00 per annum (being \$12,623.33 per month), which is calculated at the annual rate of \$20.00 per rentable square foot, through and including (if applicable) November 30, 2025;

(ii) \$157,160.50 per annum (being \$13,096.71 per month), which is calculated at the annual rate of \$20.75 per rentable square foot, from and after December 1, 2025, through and including November 30, 2026;

(iii) \$162,841.00 per annum (\$13,570.08 per month), which is calculated at the annual rate of \$21.50 per rentable square foot, from and after December 1, 2026, through and including November 30, 2027;

(iv) \$168,521.50 per annum (\$14,043.46 per month), which is calculated at the annual rate of \$22.25 per rentable square foot, from and after December 1, 2027, through and including November 30, 2028;

(v) \$174,202.00 per annum (\$14,516.83 per month), which is calculated at the annual rate of \$23.00 per rentable square foot, from and after December 1, 2028, through and including November 30, 2029;

(vi) \$179,882.50 per annum (\$14,990.21 per month), which is calculated at the annual rate of \$23.75 per rentable square foot, from and after December 1, 2029, through and including November 30, 2030;

(vii) \$185,563.00 per annum (\$15,463.58 per month), which is calculated at the annual rate of \$24.50 per rentable square foot, from and after December 1, 2030, through and including November 30, 2031;

(viii) \$191,243.50 per annum (\$15,936.96 per month), which is calculated at the annual rate of \$25.25 per rentable square foot, from and after December 1, 2031, through and including November 30, 2032;

(ix) \$196,924.00 per annum (\$16,410.33 per month), which is calculated at the annual rate of \$26.00 per rentable square foot, from and after December 1, 2032, through and including November 30, 2033;

(x) \$202,604.50 per annum (\$16,883.71 per month), which is calculated at the annual rate of \$26.75 per rentable square foot, from and after December 1, 2033, through and including November 30, 2034; and

(xi) \$208,285.00 per annum (\$17,357.08 per month), which is calculated at the annual rate of \$27.50 per rentable square foot, from and after December 1, 2034, through and including November 30, 2035.

(b) Landlord and Tenant acknowledge that Tenant will receive the full benefit of the Initial Abatement Period under Section 2.01(c) of the Lease solely with respect to the Existing Premises. From and after the New Space Commencement Date, and for the avoidance of doubt, the Secondary Abatement Periods under Section 2.01(c) of the Lease shall apply to the entire Demised Premises (including both the Existing Premises and the New Space).

4. Operating Expenses and Taxes. Tenant shall continue paying Tenant's Pro Rata Share of Tax Additional Rent and OpEx Additional Rent in accordance with Section 2.02 of the Lease, provided, however, from and after the New Space Commencement Date, "**Tenant's Pro Rata Share**" shall be increased to 3.58% to reflect the addition of the New Space to the Demised Premises.

5. Electricity. Tenant shall continue paying Electricity Additional Rent in accordance with Section 3.01 of the Lease, provided, however, from and after the New Space Commencement Date, the "**Electricity Additional Rent**" shall be increased to \$20,828.50 per year, or \$1,735.71 per month to reflect the addition of the New Space to the Demised Premises.

6. Security Deposit. Landlord and Tenant each acknowledge that as of the date of this Amendment, the Letter of Credit held by Landlord for security for the performance of Tenant's obligations under the Lease is in the amount of \$150,000.00. Within sixty (60) days after the full execution and delivery of this Amendment, Tenant shall deliver to Landlord an additional security deposit in the amount of \$70,000.00 by delivery to Landlord of (i) an amendment to the current Letter of Credit, increasing the amount thereof by an additional \$70,000.00 to a total of \$220,000.00, or (ii) a new Letter of Credit in the amount of \$70,000.00, which new Letter of Credit shall be subject to Section 2.05 of the Lease, and be in the form reasonably acceptable to Landlord and otherwise conforming to the provisions of Section 2.05 and Exhibit 2.05 of the Lease, which amended letter of credit or new letter of credit, as applicable, Landlord shall continue to hold and disburse in accordance with the provisions of Section 2.05.

7. Broker. Each of Landlord and Tenant represents to the other party that such party has had no dealings or negotiations with any broker or agent in connection with this Amendment other than Marcus Partners CT Leasing, LLC and Jones Lang LaSalle Incorporated (collectively, the "**Broker**"). Tenant shall pay, hold harmless and indemnify Landlord for, from and against any and all costs, expenses (including attorneys' fees and disbursement incurred in establishing liability and in collecting amounts payable hereunder), and liability for, or arising in connection with, any compensation, commissions or charges claimed by any broker (including Choyce Peterson, Inc.) who claims to have dealt with Tenant with respect to this Amendment. Landlord shall pay, hold harmless and indemnify Tenant for, from and against any and all costs, expenses (including attorneys' fees and disbursement incurred in establishing liability and in collecting amounts payable hereunder), and liability for, or arising in connection with, any compensation, commissions or charges claimed by any broker (other than Choyce Peterson, Inc.) who claims to have dealt with Landlord with respect to this Amendment.

8. Modifications of the Existing Lease. In addition to the other provisions of the Lease which have been deleted, amended, or rendered inapplicable by this Amendment, either expressly or where the context so requires, the following additional amendments are made to the Lease:

(a) Sections 1.02(a) and 1.02(b) shall have no force or effect with respect to the leasing of the New Space as provided in this Amendment;

(b) The first sentence of Section 2.01(b) shall have no force or effect with respect to leasing of the New Space as provided in this Amendment;

(c) Section 18.01 of the lease is hereby amended so that from and after the date of this Amendment all notices to landlord shall be addressed as follows:

Merritt 7 Venture L.L.C.
c/o Marcus Partners, Inc.
501 Merritt 7
Norwalk, CT 06851
Attn: David Fiore

with copies sent simultaneously to:

Marcus Partners
One Boston Place
201 Washington Street, Suite 2100
Boston, MA 02108
Attn: CFO

and

Clarion Partners
One Madison Avenue, 14th Floor
New York, NY 10010
Attn: Margaret Egan

and

Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004
Attn: Ian H. Silver, Esq.;

(d) Section 20.13 shall have no force or effect with respect to leasing of the New Space as provided in this Amendment; and

(e) Article 22 of the Lease shall be deemed deleted therefrom.

9. Renewal Option. Tenant's Renewal Option (as set forth in Article 21 of the Lease) shall remain in full force and effect following this Amendment; provided, however, Landlord and Tenant each acknowledge that: (i) Tenant may exercise the Renewal Option only with respect to the entire Demised Premises (including both the Existing Premises and the New Space); and (ii) all references therein to Base Rent shall mean Base Rent payable with respect to the entire Demised Premises (including both the Existing Premises and the New Space).

10. Miscellaneous.

(a) Except as modified by this Amendment, the Lease and all the covenants, terms, agreements, conditions and provisions thereof are hereby, in all respects, ratified and confirmed.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective successors, permitted assigns and legal representatives.

(c) From and after the date hereof all references in the Lease to "the Lease" or "this Lease" shall be deemed to mean the Lease as amended by this Amendment.

(d) This Amendment may be executed in several counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument. Handwritten signatures to this Amendment transmitted by telecopy or electronic transmission (for example, through use of a Portable Document Format of "PDF" file) shall be valid and effective to bind the party so signing. If a party so transmits a signature to this Amendment, such party agrees to promptly deliver to the other party an executed original of this Amendment with its actual original signature, but a failure to do so shall not affect the enforceability of this Amendment, it being expressly agreed that such party shall be bound by its own telecopied or electronically transmitted handwritten signature and shall accept the telecopied or electronically transmitted handwritten signature of the other party to this Amendment.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

LANDLORD:
MERRITT 7 VENTURE L.L.C

By: /s/ Margaret L. Egan
Name: Margaret L. Egan
Title: Vice President

LANDLORD:
MERRITT 7 VENTURE L.L.C

By: /s/ Joann Timmely
Name: Joann Timmely
Title: Chief Accounting Officer

SCHEDULE A

NEW SPACE

SCHEDULE B

Landlord's First Amendment Work – Work Agreement

SECOND AMENDMENT AND PARTIAL TERMINATION OF LEASE

SECOND AMENDMENT AND PARTIAL TERMINATION OF LEASE (this "**Agreement**") made this 19th day of November 2025, by and between MERRITT 7 VENTURE L.L.C., a Delaware limited liability company, having an office and place of business at c/o Marcus Partners Management, 501 Merritt 7 Corporate Park, Norwalk, Connecticut 06851 ("**Landlord**"), and REED'S INC., a Delaware corporation, with an office at 501 Merritt 7 Corporate Park, Norwalk, Connecticut 06851 ("**Tenant**").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into that certain Lease dated May 10, 2024, as supplemented by that certain Lease Commencement Date Notice and Agreement dated November 18, 2024 (as supplemented, and collectively referred to herein as, the "**Lease**"), whereby Landlord demised to Tenant certain space (the "**Existing Premises**") consisting of 5,154 rentable square feet located on the penthouse level in that certain building known as 501, Merritt 7 Corporate Park, Norwalk, Connecticut (the "**Building**");

WHEREAS, Landlord and Tenant entered into that certain First Amendment of Lease dated April 10, 2025 (the "**First Amendment**"), whereby Landlord agreed to lease to Tenant certain additional premises on the penthouse level in the Building consisting of 2,420 rentable square feet and referred to in the First Amendment as the "**New Space**"; and

WHEREAS, Tenant wishes to be released from its obligations under the First Amendment, and Landlord is willing to grant such release, upon and subject to the terms, limitations and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, Landlord and Tenant agree as follows:

1. **Capitalized Terms.** Each capitalized term used in this Agreement but not defined in this Agreement shall have the meaning ascribed to such term in the Lease.

2. **Termination Payment.** (a) Tenant shall continue to be liable to Landlord for all Rent accruing under the Lease (as unamended by the First Amendment) through and including the Expiration Date, which date the parties hereto agree is November 30, 2035.

(b) Tenant shall pay Landlord, as Additional Rent, a "**Termination Payment**" equal to \$62,000.00 as follows:

(i) Simultaneous with its delivery to Landlord of an executed counterpart to this Agreement, Tenant shall pay to Landlord \$22,000.00 by wire transfer of immediately available funds;

(ii) On or before November 26, 2025, Tenant shall pay to Landlord \$20,000.00 by wire transfer of immediately available funds; and

(iii) On or before December 3, 2025, Tenant shall pay to Landlord \$20,000.00 by wire transfer of immediately available funds.

(iv) TIME IS OF THE ESSENCE with respect to Tenant's obligations set forth in this Section 2, and this Section 2 shall survive the termination or expiration of the Lease, the First Amendment and this Agreement.

3. Termination and Release. (a) From and after the date hereof, Tenant shall release Landlord from its obligations under the First Amendment.

(b) Subject to Section 2 of this Agreement and Tenant's timely payment of the Termination Payment, Landlord shall release Tenant from its obligations under the First Amendment and the First Amendment shall be deemed terminated and of no force or effect.

4. Broker. Each of Tenant and Landlord represents and warrants to the other that it has not had any dealings or negotiations with any broker, finder or like agent in connection with this Agreement, other than Marcus Partners CT Leasing, LLC ("**Broker**"). The execution and delivery of this Agreement by Landlord and Tenant shall be conclusive evidence that both parties have relied upon the foregoing representation and warranty. Tenant covenants and agrees to pay, hold harmless and indemnify Landlord, from and against any and all costs, liability and expenses (including reasonable attorneys' fees and disbursements and reasonable attorneys' fees and disbursements incurred in establishing liability under this Section 4 and in collecting amounts payable hereunder) arising in connection with any commissions, charges or other compensation claimed by any broker, finder or like agent (including Choice Peterson, Inc. but excluding Broker) claiming to have dealt with Tenant with respect to the negotiation, execution or delivery of this Agreement, or arising from the breach or alleged breach by Tenant of any of its representations and warranties contained in this Section 4. This Section 4 shall survive the termination or expiration of the Lease, the First Amendment and this Agreement.

5. Security Deposit. Landlord and Tenant each acknowledge that as of the date of this Agreement, the Letter of Credit held by Landlord for security for the performance of Tenant's obligations under the Lease is in the amount of \$150,000.00. Landlord shall continue to hold and draw upon the Letter of Credit in accordance with the provisions of Section 2.05 of the Lease.

6. Modifications of the Existing Lease.

(a) Section 18.01 of the lease is hereby amended so that from and after the date of this Agreement all notices to landlord shall be addressed as follows:

Merritt 7 Venture L.L.C.
c/o Marcus Partners, Inc.
501 Merritt 7
Norwalk, CT 06851
Attn: David Fiore

with copies sent simultaneously to:

Marcus Partners
One Boston Place
201 Washington Street, Suite 2100
Boston, MA 02108
Attn: CFO

and

Clarion Partners
One Madison Avenue, 14th Floor
New York, NY 10010
Attn: Margaret Egan

and

Seward & Kissel LLP
One Battery Park Plaza
New York, NY 10004
Attn: Ian H. Silver, Esq.;

(b) Section 20.13 shall have no force or effect with respect to this Agreement; and

(c) Article 22 of the Lease shall be deemed deleted therefrom.

7. Miscellaneous.

(a) Except as modified by this Agreement, the Lease and all the covenants, terms, agreements, conditions and provisions thereof are hereby, in all respects, ratified and confirmed.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, permitted assigns and legal representatives.

(c) From and after the date hereof all references in the Lease to “the Lease” or “this Lease” shall be deemed to mean the Lease as amended by this Agreement, and with no effect from the First Amendment.

(d) This Agreement may be executed in several counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument. Handwritten signatures to this Agreement transmitted by telecopy or electronic transmission (for example, through use of a Portable Document Format of “PDF” file) shall be valid and effective to bind the party so signing. If a party so transmits a signature to this Agreement, such party agrees to promptly deliver to the other party an executed original of this Agreement with its actual original signature, but a failure to do so shall not affect the enforceability of this Agreement, it being expressly agreed that such party shall be bound by its own telecopied or electronically transmitted handwritten signature and shall accept the telecopied or electronically transmitted handwritten signature of the other party to this Agreement.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LANDLORD:
MERRITT 7 VENTURE L.L.C.

By: /s/ Margaret L. Egan
Name: Margaret L. Egan
Title: Vice President

TENANT:
REED'S INC.

By: /s/ Douglas McCurdy
Name: Douglas McCurdy
Title: CFO

REED'S, INC.

INSIDER TRADING POLICY

INTRODUCTION

During the course of your relationship with Reed's, Inc. ("the *Company*"), you may receive material information that is not yet publicly available ("*material nonpublic information*") about the Company or other publicly traded companies. Material nonpublic information may give you, or someone you pass that information on to, a leg up over others when deciding whether to buy, sell or otherwise transact in the Company's securities or the securities of another publicly traded company. This policy sets forth guidelines with respect to transactions in Company securities and in the securities of other applicable publicly traded companies, in each case by our employees, directors and consultants and the other persons or entities subject to this policy as described below. In addition, from time to time, the Company may engage in transaction in Company securities. It is the Company's policy to comply with applicable laws and regulations relating to insider trading.

STATEMENT OF POLICY

It is the policy of the Company that an employee, director or consultant of the Company (or any other person or entity subject to this policy) who is aware of material nonpublic information relating to the Company **may not**, directly or indirectly:

1. engage in any transactions in the Company's securities, except as otherwise specified under the heading "Exceptions to this Policy" below;
2. recommend the purchase, holding, or sale of any the Company's securities;
3. disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, such as family, friends, business associates and investors, unless the disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or
4. assist anyone engaged in the above activities.

The prohibition against insider trading is absolute. It applies *even if* the decision to trade is not based on such material nonpublic information. It also applies to transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) and also to very small transactions. All that matters is whether you are aware of **any** material nonpublic information relating to the Company at the time of the transaction.

The U.S. federal securities laws do not recognize any mitigating circumstances to insider trading. In addition, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct. In some circumstances, you may need to forgo a planned transaction even if you planned it before becoming aware of the material nonpublic information. So, even if you believe you may suffer an economic loss or sacrifice an anticipated profit by waiting to trade, you must wait.

It is also important to note that the laws prohibiting insider trading are not limited to trading by the insider alone; advising others to trade on the basis of material nonpublic information is illegal and squarely

prohibited by this policy. Liability in such cases can extend both to the “tippee”—the person to whom the insider disclosed material nonpublic information—and to the “tipper,” the insider himself or herself. In such cases, you can be held liable for your own transactions, as well as the transactions by a tippee and even the transactions of a tippee’s tippee.

In addition, it is the policy of the Company that no person subject to this policy who, in the course of such person’s relationship with the Company, learns of any confidential information that is material to another publicly traded company may trade in that other publicly traded company’s securities until the information becomes public or is no longer material to that other company. Moreover, trading securities of another publicly traded company while you are in possession of material nonpublic information about the Company or any other company that you learn in the course of your relationship with the Company and that could affect the share price of such other publicly traded company may give rise to liability under the federal securities laws.

There are no exceptions to this policy, except as specifically noted above or below.

TRANSACTIONS SUBJECT TO THIS POLICY

This policy applies to all transactions in securities issued by the Company, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company’s securities. Accordingly, for purposes of this policy, the terms “*trade*,” “*trading*” and “*transactions*” include not only purchases and sales of the Company’s common stock in the public market but also any other purchases, sales, transfers, gifts or other acquisitions and dispositions of common or preferred equity, options, warrants and other securities (including debt securities) and other arrangements or transactions that affect economic exposure to changes in the prices of these securities.

PERSONS SUBJECT TO THIS POLICY

This policy applies to you and all other employees, directors and consultants of the Company and its subsidiaries. This policy also applies to members of your family who reside with you, any other persons with whom you share a household, any family members who do not live in your household but whose transactions in the Company’s securities are directed by you or are subject to your influence or control and any entities whose transactions in securities you control (including, e.g., a venture or other investment fund, if you control transactions by the fund). However, this policy does not apply to any entity that invests in securities in the ordinary course of its business (e.g., a venture or other investment fund) if (and only if) such entity has established its own insider trading controls and procedures in compliance with applicable securities laws with respect to trading in Company securities). The foregoing persons who are deemed subject to this policy are referred to in this policy as “*Related Persons*.” You are responsible for making sure that your Related Persons comply with this policy.

MATERIAL NONPUBLIC INFORMATION

Material information

It is not always easy to figure out whether you are aware of material nonpublic information. But there is one important factor to determine whether nonpublic information you know about a public company is material: whether the information could be expected to affect the market price of that company’s securities or to be considered important by investors who are considering trading that company’s securities. If the information makes you want to trade, it would probably have the same effect on others. Keep in mind that both positive and negative information can be material.

There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances and is often evaluated by relevant enforcement authorities with the benefit of hindsight. Depending on the specific details, the following items may be considered material nonpublic information until publicly disclosed within the meaning of this policy. There may be other types of information that would qualify as material information as well; use this list merely as a non-exhaustive guide:

- a significant acquisition, disposition or merger, a new issue of securities or significant change in capital structure,
- financial results or forecasts;
- new products, features or processes;
- acquisitions or dispositions of assets, divisions or companies;
- public or private sales of debt or equity securities;
- stock splits, dividends or changes in dividend policy;
- the establishment of a repurchase program for the Company's securities;
- contract awards or cancellations;
- significant operational events or incidents;
- changes in ownership that may affect control of the Company;
- significant changes in management or the Board of Directors of the Company;
- employee layoffs;
- a disruption in the Company's operations or breach or unauthorized access of its property or assets, including its facilities and information technology infrastructure;
- tender offers or proxy fights;
- accounting restatements;
- changes in the nature the Company's business and major litigation developments;
- impending bankruptcy;
- gain or loss of a license agreement or other contracts with customers or suppliers;
- product recalls;
- pricing changes or discount policies; and

- any substantial change in industry circumstances or competitive conditions that could significantly affect the Company’s financial results or prospects for growth.

When information is considered public

The prohibition on trading when you have material nonpublic information lifts once that information becomes publicly disseminated. But for information to be considered publicly disseminated, it must be widely disseminated through a press release, a filing with the Securities and Exchange Commission (the “SEC”), or other widely disseminated announcement. Once information is publicly disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information. Generally speaking, information will be considered publicly disseminated for purposes of this policy only after one full trading day has elapsed since the information was publicly disclosed. For example, if we announce material nonpublic information before trading begins on Wednesday, then you may execute a transaction in our securities on Thursday; if we announce material nonpublic information after trading ends on Wednesday, then you may execute a transaction in our securities on Friday. Depending on the particular circumstances, the Company may determine that a longer waiting period should apply to the release of specific material nonpublic information.

QUARTERLY TRADING BLACKOUTS

To minimize even the appearance of insider trading among our insiders, we have established “quarterly trading blackout periods” during which Company employees, directors, consultants and their Related Persons—regardless of whether they are aware of material nonpublic information or not—may not conduct any trades in Company securities. That means that, except as described in this policy, all Company employees, directors, consultants and their Related Persons will be able to trade in Company securities only during limited open trading window periods that generally will begin after one full trading day has elapsed since the public dissemination of the Company’s annual or quarterly financial results and end at the beginning of the next quarterly trading blackout period. Of course, even during an open trading window period, you may not (unless an exception applies) conduct any trades in Company securities if you are otherwise in possession of material nonpublic information.

For purposes of this policy, each “*quarterly trading blackout period*” will generally begin on the last day of each fiscal quarter and end after one full trading day has elapsed since the public dissemination of the Company’s financial results for that quarter. Please note that the quarterly trading blackout period may commence early or may be extended if, in the judgment of the Chief Executive Officer, Chief Financial Officer or General Counsel, if applicable, there exists undisclosed information that would make trades by Company employees, directors and consultants inappropriate. It is important to note that the fact that the quarterly trading blackout period has commenced early or has been extended should be considered material nonpublic information that should not be communicated to any other person.

A Company employee, director or consultant who believes that special circumstances require him or her to trade during a quarterly trading blackout period should consult the Chief Executive Officer. Permission to trade during a quarterly trading blackout period will be granted only where the circumstances are extenuating, the Chief Executive Officer concludes that the person is not in fact aware of any material nonpublic information relating to the Company or its securities, and there appears to be no significant risk that the trade may subsequently be questioned.

EVENT-SPECIFIC TRADING BLACKOUTS

From time to time, an event may occur that is material to the Company and is known by only a few directors, officers and/or employees. So long as the event remains material and nonpublic, the persons

designated by the Chief Executive Officer, Chief Financial Officer or General Counsel, if applicable, may not trade in the Company's securities. In that situation, the Company will notify the designated individuals that neither they nor their Related Persons may trade in the Company's securities. The existence of an event-specific trading blackout should also be considered material nonpublic information and should not be communicated to any other person. Even if you have not been designated as a person who should not trade due to an event-specific trading blackout, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an event-specific trading blackout.

The quarterly and event-driven trading blackouts do not apply to those transactions to which this policy does not apply, as described under the heading "Exceptions to this Policy" below.

EXCEPTIONS TO THIS POLICY

This policy does not apply in the case of the following transactions, except as specifically noted:

1. **Option Exercises.** This policy does not apply to the exercise of options granted under the Company's equity compensation plans for cash or, where permitted under the option, by a net exercise transaction with the Company. This policy does, however, apply to any sale of stock as part of a broker-assisted cashless exercise or any other market sale, whether or not for the purpose of generating the cash needed to pay the exercise price or pay taxes.

2. **Tax Withholding Transactions.** This policy does not apply to the surrender of shares directly to the Company to satisfy tax withholding obligations as a result of the issuance of shares upon vesting or exercise of restricted stock units, options or other equity awards granted under the Company's equity compensation plans. Of course, any market sale of the stock received upon exercise or vesting of any such equity awards remains subject to all provisions of this policy whether or not for the purpose of generating the cash needed to pay the exercise price or pay taxes.

3. **Sell-to-Cover Transactions.** This policy does not apply to the sale of shares of the Company's common stock for the limited purpose of covering tax withholding obligations (and any associated broker or other fees) (a "*sell-to-cover transaction*"), provided that, (i) prior to such sale, you elect to sell such shares to cover tax withholding obligations in a manner approved by the Company or (ii) such sell-to-cover transaction is effected pursuant to a sell-to-cover program mandated by the Company.

4. **Sales in a Registered Public Offering.** This policy does not apply to sales of the Company's securities as a selling stockholder in a registered public offering in accordance with applicable securities laws.

5. **10b5-1 Trading Plans.** Under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended ("*Exchange Act*"), employees, directors and consultants may establish a trading plan under which a broker is instructed to buy and sell Company securities based on pre-determined criteria (a "*10b5-1 Trading Plan*"). So long as a 10b5-1 Trading Plan is properly established, purchases and sales of Company securities pursuant to that Trading Plan are not subject to this policy. To be properly established, an employee's, director's or consultant's Trading Plan must be established in compliance with the requirements of Rule 10b5-1 of the Exchange Act and any applicable 10b5-1 trading plan guidelines of the Company at a time when the Company was not in a trading blackout period and they were not otherwise aware of any material nonpublic information relating to the Company or the securities subject to the Trading Plan. Moreover, all 10b5-1 Trading Plans must be reviewed and approved by the Company before being established to confirm that the 10b5-1 Trading Plan complies with all pertinent company policies and applicable securities laws.

6. **401(k) Plan.** This policy does not apply to purchases of the Company's securities in the Company's 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. This policy does apply, however, to certain elections you may make under the 401(k) plan, including: (a) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund; (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund; (c) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance; and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

7. **Mutual Funds and Exchange-Traded Funds ("ETFs").** This policy does not apply to investments in mutual funds or ETFs that track a broad-based index (such as the S&P 500) and/or have holdings comprised of less than 10% of Company stock. However, investments in any other mutual fund or ETF where Company stock comprises 10% or more of such fund's holdings are subject to this policy and shares of such mutual fund or ETF are treated as if they are Company securities.

8. **Domestic Relations Order.** This policy does not apply to the acquisition or disposition of the Company's securities pursuant to a domestic relations order, as defined in the Internal Revenue Code of 1986, as amended, or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

SPECIAL AND PROHIBITED TRANSACTIONS

1. **Inherently Speculative Transactions.** No Company employee, director or consultant may engage in short sales, transactions in put options, call options or other derivative securities on an exchange or in any other organized market, or in any other inherently speculative transactions with respect to the Company's stock.

2. **Hedging Transactions.** Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a Company employee, director or consultant to continue to own the Company's securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the Company employee, director or consultant may no longer have the same objectives as the Company's other stockholders. Therefore, Company employees, directors and consultants are prohibited from engaging in any such transactions.

3. **Margin Accounts and Pledged Securities.** Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in the Company's securities, Company employees, directors and consultants are prohibited from holding the Company's securities in a margin account or otherwise pledging the Company's securities as collateral for a loan.

4. **Standing and Limit Orders.** Standing and limit orders (except standing and limit orders under approved Trading Plans, as discussed above) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that results from standing instructions to a broker, and as a result the broker could execute a transaction when a Company employee, director or consultant is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on the Company's securities. If a person subject to this policy

determines that they must use a standing order or limit order (other than under an approved Trading Plan as discussed above), the order should be limited to short duration and the person using such standing order or limit order is required to cancel such instructions immediately in the event restrictions are imposed on their ability to trade pursuant to the “Quarterly Trading Blackouts” and “Event-Specific Trading Blackouts” provisions above.

5. *Managed Accounts.* If you have a managed account (where another person has been given discretion or authority to trade without your prior approval), you should advise your broker or investment advisor not to trade in Company securities at any time.

PRE-CLEARANCE AND ADVANCE NOTICE OF TRANSACTIONS

In addition to the requirements above, officers, directors and other applicable members of management who have been notified that they are subject to pre-clearance requirements and their Related Person face a further restriction: Even during an open trading window, without first obtaining pre-clearance from the Company’s Chief Executive Officer, Chief Financial Officer or persons designated by the Chief Executive Officer and Chief Financial Officers (each a “Clearing Officer”) at least two business days in advance via the *Insider Trading Pre-Clearance Request Form* attached hereto as Exhibit A, they may not engage in any transaction in, or enter into, modify or terminate any contract, instruction or written plan or arrangement in, the Company’s securities, including any purchase or sale, any exercise of an option (whether cashless or otherwise), gifts, loans, rights or warrants to purchase or sell such securities, contribution to a trust or other transfers, whether the transaction is for the individual’s own account, one over which he or she exercises control, or one in which he or she has a beneficial interest. The request for pre-clearance should identify (i) the name of the person who will engage in the proposed transaction, (ii) the type of the proposed transaction (for example, open market purchase or sale, privately negotiated purchase or sale, stock option exercise), (iii) the proposed transaction date and (iv) the type and number of securities to be involved in the proposed transaction. Unless otherwise determined by a Clearing Officer, the person who will engage in the proposed transaction must also execute a certification (included in the *Insider Trading Pre-Clearance Request Form* attached hereto as Exhibit A) that they are not aware of any material nonpublic information about the Company or its securities. A Clearing Officer will then determine whether the Section 16 Insider may proceed and, if so, will help, or direct the Chief Executive Officer, Chief Financial Officer or General Counsel (if applicable) to help, comply with any required reporting requirements under Section 16(a) of the Exchange Act. Pre-cleared transactions not completed within two business days will require new pre-clearance.

Once any transaction takes place, the officer, director or applicable member of management must immediately notify the Chief Executive Officer, Chief Financial Officer or General Counsel (if applicable) so that the Company may assist in any Section 16 reporting obligations.

SHORT-SWING TRADING, CONTROL STOCK AND SECTION 16 REPORTS

Officers and directors subject to the reporting obligations under Section 16 of the Exchange Act should take care to avoid short-swing transactions (within the meaning of Section 16(b) of the Exchange Act) and the restrictions on sales by control persons (Rule 144 under the Securities Act of 1933, as amended), and should file all appropriate Section 16(a) reports (Forms 3, 4 and 5), which are described in the Company’s Section 16 Compliance Program, and any notices of sale required by Rule 144.

POLICY’S DURATION

This policy continues to apply to your transactions in the Company’s securities and the securities of other applicable public companies as more specifically set forth in this policy, even after your relationship

with the Company has ended. If you are aware of material nonpublic information when your relationship with the Company ends, you may not trade the Company's securities or the securities of other applicable publicly traded companies until the material nonpublic information has been publicly disseminated or is no longer material. Further, if you leave the Company during a trading blackout period, then you may not trade the Company's securities or the securities of other applicable companies until the trading blackout period has ended.

INDIVIDUAL RESPONSIBILITY

Persons subject to this policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in the Company's securities or the securities of other applicable public companies while aware of material nonpublic information, as more specifically set forth in this policy. Each individual is responsible for making sure that he or she complies with this policy, and that any family member, household member or other person or entity whose transactions are subject to this policy, as discussed under the heading "Persons Subject to this Policy" above, also comply with this policy. In all cases, the responsibility for determining whether an individual is aware of material nonpublic information rests with that individual, and any action on the part of the Company or any employee or director of the Company pursuant to this policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this policy or applicable securities laws. See "Penalties" below.

PENALTIES

Anyone who engages in insider trading or otherwise violates this policy may be subject to both civil liability and criminal penalties. Violators also risk disciplinary action by the Company, including termination of employment. Anyone who has questions about this policy should contact their own attorney or the Company's Chief Financial Officer.

AMENDMENTS

The Company is committed to continuously reviewing and updating its policies and procedures. The Company therefore reserves the right to amend, alter or terminate this policy at any time and for any reason. A current copy of the Company's policies regarding insider trading may be obtained by contacting the Chief Executive Officer, Chief Financial Officer or General Counsel (if applicable).

Effective July 25, 2014

Amended and Restated October 20, 2025

EXHIBIT A

REED'S, INC.

INSIDER TRADING PRE-CLEARANCE REQUEST FORM

To: Clearing Officer of Reed's, Inc. (the "*Company*")

In connection with my proposal to execute a transaction in securities of the Company, the general terms of which are set forth on Schedule I, on or about _____¹, I hereby request that the Company pre-clear the proposed transaction pursuant to the Company's Insider Trading Policy (the "*Policy*"). I hereby certify that that I have carefully read and understand the Policy and all other applicable materials provided by the Company and that:

- I am not aware of any material nonpublic information about the Company and will not enter into the transaction if I come into possession of material nonpublic information about the Company between the date hereof and the proposed execution date;
- To the best of my knowledge, the proposed transaction complies with the Policy and any other criteria established by the Company with respect to such transaction; and
- I agree to advise the Company promptly if, as a result of future developments, any of the foregoing information becomes inaccurate or incomplete in any respect. I understand that the Company may require additional information about the transaction, and agree to provide such information upon request.

[I hereby further certify that:

- In the last six months I have not executed, and in the next six months there are not scheduled, any transactions in the Company's securities that would be an opposite-way transaction to the one currently proposed (e.g., if the proposed transaction is a sale of the Company's common stock, including the sale of shares to cover tax withholdings, there have not been and there are not scheduled any purchases of common stock); and
- Upon executing the proposed transaction, I will immediately notify the Company in order to allow timely filing of a Form 4, if applicable, with the Securities and Exchange Commission.]²

[Signature Pages Follow]

¹ Pre-clearance must be obtained at least two (2) business days in advance of the proposed transaction pursuant to the Policy.

² Bracketed portion only applicable to Section 16 officers and directors.

I acknowledge and agree that clearance of a transaction is valid only for up to two (2) business days following the date of pre-clearance of the transaction by the Clearing Officer pursuant to the Policy. If the transaction is not completed within that period, clearance of the transaction must be re-requested.

Date: _____

Signature: _____

Name: _____
(Please Print)

The undersigned Clearing Officer of the Company confirms that the proposed timeline of the transaction is not during any applicable blackout period.

Date: _____

Signature: _____

Name: _____
(Please Print)

Schedule I

The general nature of the transaction is as follows:

- Purchase _____ shares of Company Common Stock in the open market
- Sell _____ shares of Company Common Stock in the open market
- Transfer shares of Company stock to another person (includes family members) or entity (e.g., trusts, including trusts for the benefit of the holder)

Please describe: _____

Loan [explain] _____

Other [explain] _____

Subsidiaries of Reed's, Inc.

Name of Subsidiary**Jurisdiction of Organization**

Reed's Asia Limited	British Virgin Islands
Reed's (Japan) Limited	Japan
Reed's (Hong Kong) Limited	Hong Kong
Shenshen Jiangzi Beverage Co. Limited	Mainland China
Jiangzhi Beverage (Hainan) Co. Limited	Mainland China
Reed's Beverage (Singapore) PTE Limited	Singapore

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-276982, 333-263319 and 333-235851) and Form S-1 (File Nos. 333-274035, 333-274034, 333-286492 and 333-290411), of our report dated March 25, 2026, relating to the financial statements of Reed's, Inc. as of December 31, 2025 and 2024 and for the years then ended, included in this Annual Report on Form 10-K for the year ended December 31, 2025.

/s/ Weinberg & Company, P.A.
Los Angeles, California
March 25, 2026

Certification of Principal Executive Officer

I, Neal M. Cohane, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 fourth 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: March 25, 2026

/s/ Neal M. Cohane

Name: Neal M. Cohane

Title: Interim Chief Executive Officer
(Principal Executive Officer)

Certification of Principal Financial Officer

I, Douglas W. McCurdy, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 fourth 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: March 25, 2026

/s/ Douglas W. McCurdy

Name: Douglas W. McCurdy

Title: Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

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 (the “**Exchange Act**”), 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 Chief Executive Officer of Reed’s, Inc. (the “**Company**”), hereby certify, that, to my knowledge:

1. The Annual Report on Form 10-K for the year ended December 31, 2025 (the “**Report**”) of the Company fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

Date: March 25, 2026

/s/ Neal M. Cohane

Name: Neal M. Cohane

Title: Interim Chief Executive Officer
(Principal Executive Officer)

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 (the “**Exchange Act**”), 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 Annual Report on Form 10-K for the year ended December 31, 2025 (the “**Report**”) of the Company fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

Date: March 25, 2026

/s/ Douglas W. McCurdy

Name: Douglas W. McCurdy

Title: Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)
