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, 2021

☐ 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	35-2177773
(State of incorporation)	(I.R.S. Employer Identification No.)
201 Merritt 7, Norwalk, CT	06851
(Address of principal executive offices)	(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	REED	The NASDAQ Stock Market 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 ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

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

Indicate by check mark whether the registrant 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. ☐

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, 2021 was $76,114.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. There were a total of 112,842,146 shares of Common Stock outstanding as of March 22, 2022.

TABLE OF CONTENTS

PART I	1
Item 1. Business	1
Item 1A. Risk Factors	9
Item 1B. Unresolved Staff Comments	27
Item 2. Properties	27
Item 3. Legal Proceedings	27
Item 4. Mine Safety Disclosures	27
PART II	28
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	28
Item 6. [Reserved]	28
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	34
Item 8. Financial Statements and Supplementary Data	F-1
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	35
Item 9A. Controls and Procedures	35
Item 9B. Other Information	35
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	35
PART III	36
Item 10. Directors, Executive Officers and Corporate Governance	36
Item 11. Executive Compensation	39
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	42
Item 13. Certain Relationships and Related Transactions, and Director Independence	44
Item 14. Principal Accountant Fees and Services	46
PART IV	48
Item 15. Exhibits, Financial Statement Schedules	48
Item 16. Form 10-K Summary	48

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Annual Report on Form 10-K ("Annual Report"), the other reports, statements, and information that we have previously filed or that we may subsequently file with the Securities and Exchange Commission ("SEC") and public announcements that we have previously made or may subsequently make include, may include, incorporate by reference or may incorporate by reference certain statements that may be deemed to be forward-looking statements. The forward-looking statements included or incorporated by reference in this Annual Report and those reports, statements, information and announcements address activities, events or developments that Reed's, Inc. (hereinafter referred to as "we," "us," "our" or "Reed's") expects or anticipates will or may occur in the future. Any statements in this document about expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "will continue," "anticipate," "seek," "estimate," "intend," "plan," "projection," "would" and "outlook" and similar expressions. Accordingly, these statements involve estimates, assumptions and uncertainties, which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document. All forward-looking statements concerning economic conditions, rates of growth, rates of income or values as may be included in this document are based on information available to us on the dates noted, and we assume no obligation to update any such forward-looking statements.

The risk factors referred to in this Annual Report beginning on page 9 could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, and you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Management cautions that these statements are qualified by their terms and/or important factors, many of which are outside of our control, involve a number of risks, uncertainties and other factors that could cause actual results and events to differ materially from the statements made, including, but not limited to, the following risk factors:

- The availability and cost of capital to finance working capital and our operating plans,

- Maintaining the listing of our common stock on the Nasdaq Capital Market or other national securities exchange. We will be subject to delisting if we do not meet the Nasdaq bid price rule by August 15, 2022,

- Our ability to generate sufficient cash flow to support marketing and product development plans and general operating activities,

- Decreased demand for our products resulting from changes in consumer preferences,

- Competitive products and pricing pressures and our ability to gain or maintain our share of sales in the marketplace,

- The introduction of new products,

- Our being subject to a broad range of evolving federal, state and local laws and regulations including those regarding the labeling and safety of food products, establishing ingredient designations and standards of identity for certain foods, environmental protections, as well as worker health and safety. Changes in these laws and regulations could have a material effect on the way in which we produce and market our products and could result in increased costs,

- Changes in the cost and availability of raw materials and the ability to maintain our supply arrangements and relationships and procure timely and/or adequate production of all or any of our products,

- Our ability to penetrate new markets and maintain or expand existing markets,

- Maintaining existing relationships and expanding the distributor network of our products,

● Decline in global financial markets and economic downturn resulting from the coronavirus COVID-19 global pandemic,

● Business interruptions resulting from the coronavirus COVID-19 global pandemic,

● Our ability to remediate weaknesses we may identify in our disclosure controls and procedures and our internal control over financial reporting in future periods in a timely enough manner to eliminate the risks posed by such material weaknesses,

● The marketing efforts of distributors of our products, most of whom also distribute products that are competitive with our products,

● Decisions by distributors, grocery chains, specialty chain stores, club stores and other customers to discontinue carrying all or any of our products that they are carrying at any time,

● The effectiveness of our advertising, marketing and promotional programs,

● Changes in product category consumption,

● Economic and political changes,

● Consumer acceptance of new products, including taste test comparisons, and

● Possible recalls of our products.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

PART I

Item 1. Business

Overview

Reed's, Inc,, a Delaware corporation ("Reed's", the "Company," "we," or "us" throughout this report) owns a leading portfolio of handcrafted, natural beverages that is sold in over 45,000 outlets nationwide. These outlets include the natural and specialty food channel, grocery stores, mass merchants, drug stores, convenience stores, club stores and on-premise locations including bars and restaurants. Reed's two core brands are Reed's, which includes Reed's Craft Ginger Beer and Reed's Real Ginger Ale, and Virgil's Handcrafted sodas. Reed's Craft Ginger Beers are unique due to the proprietary process of using fresh ginger root combined with a Jamaican inspired recipe of natural spices, honey and fruit juices. Reed's uses this same handcrafted approach in its Reed's Real Ginger Ale and Virgil's line of great tasting, bold flavored craft sodas, including its award-winning Virgil's Root Beer.

Reed's is the leading ginger beer in the US; Virgil's is the independent natural full line craft soda and is a leader in the craft soda category.

Historical Development

Reed's Original Ginger Brew, created in 1987 by Christopher J. Reed, our founder, was introduced to the market in Southern California stores in 1989. By 1990, we began marketing our products through United Natural Foods Inc. ("UNFI") and other natural food distributors and moved our production to a larger facility in Boulder, Colorado.

In 1991, we incorporated our business operations in the state of Florida under the name of Original Beverage Corporation and moved all production to a co-pack facility in Pennsylvania. Throughout the 1990's, we continued to develop and launch new Ginger Brew varieties. Reed's Ginger Brews reached broad placement in natural and gourmet foods stores nationwide through UNFI and other major specialty, natural/gourmet and mainstream food and beverage distributors.

In 1997, we began licensing the products of China Cola and eventually acquired the rights to that product in 2000. In 1999, we purchased the Virgil's Root Beer brand from the Crowley Beverage Company. In 2000, we moved into an 18,000-square foot warehouse property, the Brewery, in Los Angeles, California, to headquarters. In 2001, pursuant to a reincorporation merger, we changed our state of incorporation to Delaware and also changed our name to "Reed's, Inc."

In September 2018, we completed the relocation of its headquarters to Norwalk, Connecticut. In December 2018, after a lengthy marketing and bidding process, we sold the Brewery to a company owned by Christopher J. Reed, our founder. The sale of the Brewery marked a fundamental shift in the nature of our operations and effectively eliminated our costs associated with excess manufacturing capacity.

Going Concern

The Company's financial statements as of December 31, 2021 were prepared on a going concern basis. For the year ended December 31, 2021, the Company recorded a net loss of $16,402 and used cash in operations of $17,589. As of December 31, 2021, we had a cash balance of $49 with borrowing capacity of $109, stockholders' equity of $4,203 and a working capital of $2,981. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company believes that its current level of cash and cash equivalents are not sufficient to fund its operations for the next 12 months.

To alleviate these conditions, management is currently evaluating various funding alternatives and may seek to raise additional funds through the issuance of equity, mezzanine or debt securities, through arrangements with strategic partners 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.

Industry Overview

Reed's offers its portfolio of natural hand-crafted beverages in the craft specialty foods industry as natural alternatives to the $25 billion mainstream carbonated soft drinks ("CSD") market in the United States as measured by IRI Multi Outlet scan data. Reed's products are sold across the country and internationally in the following major channels: natural food, specialty food, grocery, mass merchant, convenience, club, drug, and on-premise locations (bars and restaurants).

Even after a year of the pandemic, overall sales growth of natural food and beverage products continues to outpace sales growth for conventional products across all retail channels. We see ample opportunity to scale our natural beverage business and grow our distribution in these channels.

Carbonated Soft Drink Industry Overview

The retail CSD category grew 9% during 2021 and the ginger ale segment grew 5% and is now a $1.3 billion dollar market. Ginger ale growth, we believe, is driven primarily by a consumer perception of ginger ale as a healthier alternative to other sodas. Our new line of ginger ales made with real ginger deliver on this perception and are poised to breakout in the segment.

As a result of the COVID-19 pandemic, consumers are shifting consumption to better-for-you products. We believe there is significant growth potential from consumers switching away from mainstream beverages that contain artificial ingredients and preservatives towards great-tasting, natural alternatives.

Consumer Trends Driving Growth for Our Products

The following is a list of consumer trends that are accelerating as we exit the pandemic, and which support our brands.

- **Natural**: Interest in natural products has gone mainstream.
- **Clean Label**: 62% of Americans are avoiding at least one ingredient.
- **Reduced Sugar**: A favorable trend for our zero-sugar beverages, 67% of consumers prefer low or no sugar soft drinks. say they are reducing their sugar intake.
- **Plant Based**: 39% of consumers actively try to eat more plant based foods.
- **Craft:** Appeal continues to grow of higher-quality, independent, and more authentic brands.
- **Premiumization:** A trend towards embracing quality has accelerated during the pandemic with consumers splurging on premium beverages at retail, including premium mixers.
- **Better-for-you Mocktails**: More consumers are seeking non-alcoholic alternatives with bold and unique flavors.
- **Ready-to-Drink Cocktails (RTD)**: The RTD category grew 126% in 2021 is exploding alongside hard seltzer as people seek novelty and variety.

Our strategies will remain responsive to these macro consumer trends as we concentrate our efforts on developing the Company's sales and marketing functions.

Our Products

We make our hand-crafted 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 our core categories of Reed's Ginger Beverages and Virgil's Craft Sodas. In April 2020, we launched our new line of Reed's Real Ginger Ales, in both Full Sugar and Zero Sugar varieties, made with 2,000 mg of fresh organic ginger. In 2021, we extended our Ginger Ale offerings with Mocktails and we entered the alcohol space with the launch of our RTD Classic Mule that is 7% ALC and Zero Sugar.

Reed's Craft Ginger Beer

Reed's Craft Ginger Beer is set apart from other ginger beers by its proprietary process of brewing fresh ginger root, its exclusive use of natural ingredients, and its authentic Jamaican-inspired recipe. We do not use artificial preservatives, artificial flavors, or colors, and 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, honey and fruit juices; one with honey and pineapple juice; and another without sugar (Zero Sugar) made from an innovative blend of natural sweeteners. In 2021, we expanded our Extra Ginger Beer portfolio into cans offerings.

As of the end of 2021, the Reed's Craft Ginger Beer line included five major varieties with a mix of bottles and cans:

Reed's Original Ginger Beer – Our first to market product uses a Jamaican-inspired recipe that calls for fresh ginger root, lemon, lime, pineapple juice, honey, raw cane sugar, herbs 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 100% more fresh ginger than Reed's Original recipe for extra spice.

Reed's Strongest Ginger Beer – Contains 200% more fresh ginger than Reed's Original for the strongest spice.

Reed's Zero Sugar Extra Ginger Beer – launched in 2019, it uses a proprietary natural sweetening system for a zero-calorie version of our Reed's Extra Ginger Beer.

Reed's Real Ginger Ale

Reed's Real Ginger Ale is unique for the category because it combines real fresh 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 our zero-calorie proprietary natural sweetening system.

Reed's Real Ginger Ale – launched in April 2020 in standard and sleek 12-ounce cans. It is the only mass market ginger ale made with organic fresh ginger.

Reed's Zero Sugar Real Ginger Ale – also launched in April 2020 in standard and slim cans. It uses proprietary sweetening system to match the great taste of the cane sugar version in a zero-calorie drink.

NEW! Reed's Mocktails- In 2021 Reed's line extended its Zero Sugar Ginger Ale, with the launch of Mocktail Flavors. It uses our proprietary sweetening system to match the great taste of the cane sugar version in a zero-calorie drink. The two flavors are Shirley Tempting and Transfusion.

Reed's Ready to Drink

NEW! Reed's Zero Sugar Classic Mule: Launched in 2020 and expanded to 37 states in 2021, Reed's first-ever alcoholic offering is packed with REAL, fresh ginger root and made through a unique handcrafted brewing and fermentation process. It contains 7% alcohol, and a light-spice flavor profile with no artificial colors, gluten, GMOs or caffeine. It is the ultimate mule, made with fresh ginger root, to be enjoyed anytime, anywhere.

Other New Ginger Beverages under the Reed's brand

Reed's Wellness Ginger Shots – launched in February 2020 offered in two varieties: Daily Ginger and Ginger Energize. These convenient, shelf-stable shots provide a ginger boost on the go.

Virgil's Handcrafted Sodas

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

The Virgil's line includes the following products:

Handcrafted Line: Virgil's first Handcrafted soda was launched in 1994. It began as one man'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, and Orange Cream.

Zero Sugar Line: Virgil's launched a new line of Zero Sugar, Zero Calorie craft sodas in 2019. Each Zero Sugar soda is sweetened with a proprietary blend of natural sweeteners with no added sugars and is certified Keto. This natural line of Zero Sugar flavors includes Root Beer, Cola, Black Cherry, Vanilla Cream, Orange Cream, Lemon-Lime, Ginger Ale, Grapefruit and Dr. Better.

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2022 Product Launches

During the second quarter of 2021, Reed's will launch the below:

- Reed's Hard Ginger Ale in Variety 8 Packs
- Virgil's Zero Sugar in 12-ounce sleek 4 packs
- Reed's Zero Sugar Stormy Mule

Our Primary Markets

We target a smaller segment of the estimated $25 billion mainstream carbonated and non-carbonated soft drink markets in the United States. Our brands are generally considered premium and natural, with upscale packaging. They are loosely defined as the craft specialty bottled carbonated soft drink category.

We have an experienced and geographically diverse sales force promoting our products, with senior sales representatives strategically placed in multiple regions across the country, supported by local Reed's sales staff. Additionally, we have sales managers handling national accounts for natural, specialty, grocery, mass, club, drug and convenience 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. The Company not only employs an internal sales force but has partnered 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-premise 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 Amazon storefront which can be accessed through our company web site www.drinkreeds.com.

Some of our representative key customers include:

- **Natural stores**: Whole Foods Market, Sprouts, Natural Grocers by Vitamin Cottage, Fresh Thyme Farmers Market, Mother's
- **Gourmet & specialty stores**: Trader Joe's, Bristol Farms, Lazy Acres, The Fresh Market, Central Market
- **Grocery and mass chains**: Kroger (and all Kroger banners), Albertson's/Safeway, Publix, Food Lion, Stop & Shop, H.E.B., Wegmans, Target, Walmart
- **Club stores**: Costco and BJ's
- **Liquor stores**: BevMo!, Total Wine & More, Spec's
- **Convenience & drug stores**: Circle K, CVS Health, Rite Aid, QuikTrip

Our Distribution Network

Our products are brought to market through an extremely flexible and fluid hybrid 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 to some of the most remote parts of North America. During the past year we expanded, and will continue to expand, in this distribution network.

Direct to Store Distribution ("DSD") Through Non-Alcoholic and Alcoholic 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 primarily 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

Our Wholesale Distributor 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 Distribution

We presently export Reed's and Virgil's brands throughout international markets via US based exporters. International markets where our brands are present are France, UK, South Africa, portions of the Caribbean, Canada, Spain, Philippines, Israel and Australia.

International sales to some areas of the world are cost prohibitive, except for some specialty sales, since our premium sodas were historically packed in glass, which drives substantial freight costs when shipping overseas. Despite these cost challenges, we believe there are good opportunities to expand internationally, and we are increasing our marketing focus on these areas by adding freight friendly packages such as aluminum cans. We are open to exporting and co-packing internationally and expanding our brands into foreign markets, and we have held preliminary discussions with trading companies and import/export companies for the distribution of our products throughout Asia, Europe, Australia, and South America. We believe these areas are a natural fit for Reed's ginger products because of the popularity and importance of ginger in international markets, especially the Asian market, where ginger is a significant part of the local diet and nutrition.

We believe 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.

Distribution Agreements

We have entered into agreements with some of our distributors that commit us to "termination fees" if we terminate our agreements early or without cause. These agreements provide for our distributor partners to have the right to distribute our products to a defined type of retailer within a defined geographic region. As is customary in the beverage industry, if we should terminate the agreement or not automatically renew the agreement, we would be obligated to make certain payments to our distributor partners. We constantly review our distribution agreements with our partners across North America.

Some of our outside distributors are not bound by written agreements with us and may discontinue their relationship with us on short notice. Most distributors handle a number of competitive products. In addition, our products are sometimes a small part of our distributors' businesses.

Manufacturing Our Products

All of Reed's products are produced by our co-pack partners. They brew, blend, bottle, and package our products and charge us a fee, generally by the case, for the products produced. We have a long-standing relationship with two co-packers in Pennsylvania and two in California. During 2020 we entered into co-packing agreements with a co-packer on the East Coast, Clinton's Ditch, and on the West Coast, Noel Canning. We are in discussions and negotiations with additional co-packers to secure added capability for future production needs. We periodically review our co-packing relationships to ensure that they are optimal with respect to quality of production, cost and location.

Warehousing and Logistics are a significant portion of the Company's operational costs. In order to drive efficiency and reduce costs, on February 1, 2019 we entered into a strategic partnership with Veritiv Logistics Solutions to manage all freight movement for the Company. Veritiv is one of the largest distribution service providers in North America and has expertise that will provide a competitive advantage in the movement of raw materials and finished goods. This partnership will support planning and execution of all inventory movement, assessment of storage needs and cost management.

We follow a "fill as needed" model to the best of our ability and have no significant order backlog.

New Product Development

While we have simplified our business and have streamlined a significant number of SKUs in order to further our primary objective of accelerating the growth of the Reed's and Virgil's core product offerings, we believe significant opportunity remains in the natural beverage space.

Healthier alternatives will be the future for carbonated soft drinks. We will continue to drive product development in the natural, no and low sugar offerings in the "better for you" beverage categories. In addition, we believe there are powerful consumer trends that will help propel the growth of our brand portfolio including the increased consumption of ginger as a recognized superfood, the growing use of ginger beer in today's popular cocktail drinks, and consumers' increased demand for higher quality, natural handcrafted beverages.

Christopher J. Reed, the Company's founder continues to support our new product development efforts in 2022. Mr. Reed possesses thirty plus years of product development and innovation experience. Recent innovations include our compelling line of full flavor, natural, zero sugar, zero calorie sodas. Reed's has also begun to expand and broaden its product development capabilities by engaging and working with larger, experienced beverage flavor houses and innovative ingredient research and supply companies.

We believe our new business model enhances our ability to be nimble and innovative, producing category leading new products in a short period of time.

Competition

Nonalcoholic Beverages

The nonalcoholic 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. The principal areas of competition include pricing, packaging, development of new products and flavors, and marketing campaigns. 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 ad and other branding campaigns. Competitors in the ginger beer category include Goslings, Fever Tree, Bundaberg, Cock 'n Bull and Q Tonic; in the craft soda category we compete with brands such as Stewart's, IBC, Zevia, Henry Weinhard's, Boylan, and Jones Soda; In the Ginger Ale category we compete with Canada Dry, Schweppes, Seagram's and Zevia.

Important factors affecting our ability to compete successfully include the taste and flavor of products, trade and consumer promotions, rapid and effective development of new, unique cutting-edge products, attractive and different packaging, branded product advertising, and pricing. 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. Competitive pressures in the soft drink category could also cause our products to be unable to gain or even lose market share, or we could experience price erosion.

Despite our products having a relatively high price for a craft premium beverage product, minimal mass media advertising to date, and a small but growing presence in the mainstream market compared to many of our competitors, we believe our natural innovative beverage recipes, packaging, use of premium ingredients, and a proprietary ginger processing formula provide us with a competitive advantage. Our commitments to the highest quality standards and brand innovation are keys to our success.

Ginger Shots

Our Reed's Wellness Ginger Shot was introduced during 2020. The shot category is very competitive, and a few mainstream companies dominate the category, but there is room for an natural alternative. Competition for market share and acceptance of new products is significant. Main competitors are 5-Hour Energy, Ginger Time, and Rescue Ginger Shots.

Candy

Reed's Crystallized Ginger and Reed's Ginger Chews restaged their product line up in 2020. The category is small and there is not a significant number of entrants. Key competitors are Chimes and Gin Gins.

Ready to Drink:

The RTD category refers to canned cocktails that offer convenience and quality for cocktail drinkers. RTD sales held strong in 2021 with triple-digit growth. According to NielsenIQ, year-over-year off-premise dollar sales increased 126 percent for RTD cocktails for the 52-week period ending October 2, 2021. According to IRI, premixed cocktails spirits-based and malt-based seltzers accounted for just over $7 billion in off-premise sales over the 52 weeks ending November 28, 2021.

The start of Covid-19, when restaurants and bars closed in March 2020, helped propel the category with consumers bringing the on-premise cocktail occasion to their homes. This was a major boost for canned, single-serve RTDs. Without the recent quality improvements of RTD cocktails, however, it's 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 boast 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 bringing high-quality, crafted Mules made with real fresh ginger to the market.

Top selling brands in the category are High Noon, Cutwater Spirits, On The Rocks, Jose Cuervo, Skinnygirl, 1800 Tequila, Buzzballz, Bacardi, The Long Drink Company, and Fisher's Island. In the Mule segment, the key players include 'Merican Mule, Cutwater Mule, and Copper Can.

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 contract packers in accordance with our specifications.

Generally, the raw materials used in our products are obtained from domestic and foreign suppliers and many of the materials have multiple reliable suppliers. This provides a level of protection against a major supply constriction or adverse cost or supply impacts. Since our raw materials are common ingredients and supply is easily accessible, we have few long-term contracts in place with our suppliers.

Glass Bottles and Aluminum Cans

A significant component of our product cost is the purchase of glass bottles and aluminum cans. In December 2017, we entered into an exclusive strategic partnership with Owens-Illinois (glass), and in February 2018 we entered into a strategic partnership with Crown Cork & Seal for aluminum cans. During 2021 we entered into an agreement with a packaging broker to supply us with 25 million sleek 12-ounce cans during 2022. These suppliers provide expertise in emerging package and material innovation that can be leveraged to further expand marketing and package offerings.

Working Capital Practices

Historically, we have financed our operations through public and private sales of common stock, issuance of preferred and common stock, convertible debt instruments, term loans and credit lines from financial institutions, and cash generated from operations. We have taken decisive action to improve our margins, including fully outsourcing our manufacturing process, streamlining our product portfolio, negotiating improved vendor contracts and restructuring our selling prices.

Licensing

During 2020 we entered into a licensing agreement with Full Sail Brewery headquartered in Hood River, Oregon to manufacture and sell our new line of Reed's Alcoholic Classic Mule in 4 and 12 pack 12-ounce cans, and 12 pack 16-ounce cans. Full Sail manages all aspects of production and distribution. We subsequently amended that agreement to assume the distribution rights from Full Sail and instead utilize Full Sail as a co-packer of our RTD Classic Mule line. We now fully control the sales and marketing process, and this change in distribution ownership enables us to recognize gross revenue as opposed to a royalty fee going forward.

Seasonality

Sales of our nonalcoholic beverages are somewhat seasonal with higher than average volume in the warmer months. The volume of sales in the beverage business may be affected by weather conditions.

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 bottlers 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. Mr. Reed is also subject to an intellectual property agreement with Reed's restricting competition consistent with his fiduciary obligations to Reed's.

Regulation

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

The production, distribution and sale in the United States of many of our products are subject to the Federal Food, Drug, and Cosmetic Act, the Federal Trade Commission Act, the Lanham Act, state consumer protection laws, competition laws, federal, state and local workplace health and safety laws, various federal, state and local environmental protection laws, and various other federal, state and local statutes and regulations applicable to the production, transportation, sale, safety, advertising, labeling and ingredients of such products. Outside the United States, the distribution and sale of our many products and related operations are also subject to numerous similar and other statutes and regulations.

The Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") of the state of California requires a specific warning to appear on any product containing a component listed by the state as having been found to cause cancer or birth defects. The state maintains lists of these substances and periodically adds other substances to these lists. Proposition 65 exposes all food and beverage producers to the possibility of having to provide warnings on their products in California because it does not provide for any generally applicable quantitative threshold below which the presence of a listed substance is exempt from the warning requirement. Consequently, the detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label. However, Proposition 65 does not require a warning if the manufacturer of a product can demonstrate that the use of that product exposes consumers to a daily quantity of a listed substance that is:

- below a "safe harbor" threshold that may be established;
- naturally occurring;
- the result of necessary cooking; or
- subject to another applicable exemption.

No Company beverages produced for sale in California are currently required to display warnings under this law. We are unable to predict whether a component found in a Company product might be added to the California list in the future, although the state has initiated a regulatory process in which caffeine and other natural occurring substances will be evaluated for listing. Furthermore, we are also unable to predict when or whether the increasing sensitivity of detection methodology may become applicable under this law and related regulations as they currently exist, or as they may be amended, might result in the detection of an infinitesimal quantity of a listed substance in a beverage of ours produced for sale in California.

Bottlers of our beverage products presently offer and use non-refillable, recyclable containers in the United States. Some of these bottlers 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.

Legislation has been proposed in Congress and by certain state and local governments which would prohibit the sale of soft drink products in non-refillable bottles and cans or require a mandatory deposit as a means of encouraging the return of such containers, each in an attempt to reduce solid waste and litter. Similarly, we are aware of proposed legislation that would impose fees or taxes on various types of containers that are used in our business. We are not currently impacted by the policies in these types of proposed legislation, but it is possible that similar or more restrictive legal requirements may be proposed or enacted within our distribution territories in the future.

Our co-packers are subject to various environmental protection statutes and regulations, including those relating to the use of water resources and the discharge of wastewater. Compliance with these provisions has not had, and we do not expect such compliance to have, any material adverse effect on our capital expenditures, net income or competitive position.

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 will take 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. We are required to collect redemption values from our customers and remit those redemption values to the state, based upon the number of bottles or cans of certain products sold in the state.

Employees

As of December 31, 2021, we had 31 full-time equivalent employees on our corporate staff. We employ additional people on a part-time basis as needed. We have never participated in a collective bargaining agreement. We believe relations with our employees are good.

Available Information

The Company maintains a website at the following address: www.reedsinc.com. The information on the Company’s website is not incorporated by reference in this report. We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the Securities and Exchange Commission (“SEC”) in accordance with the Securities Exchange Act of 1934, as amended (“Exchange Act”). These include our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. In addition, we routinely post on the “Investors” page of our website news releases, announcements and other statements about our business and results of operations, some of which may contain information that may be deemed material to investors. Therefore, we encourage investors to monitor the “Investors” page of our website and review the information we post on that page. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at the following address: http://www.sec.gov.

Item 1A. Risk Factors

The following are some of the risks and uncertainties that could cause our actual results to differ materially from those presented in our forward-looking statements. The risks and uncertainties described below are not the only ones we face but do represent those risks and uncertainties that we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business. All forward-looking statements in this document are based on information available to us as of the date hereof, and we assume no obligations to update any such forward-looking statements.

Summary of Material Risk Factors

● *We have a history of operating losses. Our estimates regarding the sufficiency of our cash resource and capital requirements and needs for additional financing raises substantial doubt about our ability to continue as a going concern.*

● *We require additional financing to support our working capital and execute our operating plans for fiscal 2022, which may not be available or may be costly and dilutive.*

● *The impact of the COVID-19 pandemic could continue to harm our business and results of operations.*

● *Disruption within our supply chain, contract manufacturing or distribution channels could have an adverse effect on our business, financial condition and results of operations.*

● *Increased market spending may not drive volume growth.*

● *Increases in costs of packaging, ingredients, fuel, and contract manufacturing tolling fees may have an adverse impact on our gross margin.*

● *If we do not adequately manage our inventory levels, our operating results could be adversely affected.*

● *It is difficult to predict the timing and amount of our sales because our distributors are not required to place minimum orders with us.*

● *We will be subject to delisting if we do not meet the Nasdaq bid price rule by August 15, 2022.*

Risk Factors Relating to Our Business

The COVID-19 pandemic and related ongoing impacts may have a material adverse effect on our results of operations and financial condition.

During the year ended December 31, 2021, the COVID-19 pandemic has impacted our operating results and the Company anticipates a continued impact for the balance of the year. In addition, the pandemic may cause reduced demand for our products if, for example, the pandemic results in a recessionary economic environment which negatively effects the consumers who purchase our products. Based on the recent increase in demand for our products, we believe that over the long term, there will continue to be strong demand for our products.

Through December 31, 2021, the Company has experienced higher transportation expenses as the capacity in the freight market has not kept up with demand. The Company believes that costs will continue to increase throughout the year. In addition, the Company experienced increases in the pricing of several of its raw materials and delays in procuring several of these items. However, mitigation plans are being implemented to manage this risk. Additionally, the Company was negatively impacted by supply chain challenges impacting our ability to benefit from strong demand for and increased sales of our product. The disruption caused by labor shortages, significant raw material cost inflation, logistics issues and increased freight costs, and ongoing port congestion, resulted in suppressed margins and net income. The Company anticipates a continued impact throughout 2022.

Our ability to operate without significant incremental negative operational impact from the COVID-19 pandemic will in part depend on our ability to protect our employees and our supply chain. The Company has endeavored to follow the recommended actions of government and health authorities to protect our employees. Since the inception of the COVID-19 pandemic and through December 31, 2021, we maintained the consistency of our operations during the onset of the COVID-19 pandemic. We will continue to innovate in managing our business, coordinating with our employees and suppliers to do our part in the infection prevention and remain flexible in responding to our customers and suppliers. However, the uncertainty resulting from the pandemic could result in an unforeseen disruption to our workforce and supply chain (for example an inability of a key supplier or transportation supplier to source and transport materials) that could negatively impact our operations.

In addition, the COVID-19 pandemic may exacerbate other risks related to our business, including risks related to changes in the retail landscape, fluctuations in input costs, inflation rates, and foreign currency exchange rates; and the ability of third-party service providers and business partners to fulfill their respective commitments and responsibilities to us in a timely manner and in accordance with the agreed-upon terms. The continuing evolution of the pandemic may also present risks not currently known to us.

There is Substantial doubt about our ability to continue as a going concern.

Our financial statements as of December 31, 2021 were prepared under the assumption that we will continue as a going concern for the next twelve months from the date of issuance of these financial statements. In addition the Company's independent registered public accounting firm, in their report on the Company's December 31, 2021, audited financial statements, raised substantial doubt about the Company's ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to obtain additional financing, drive further operating efficiencies, reduce expenditures and ultimately, create profitable operations. We may not be able to obtain additional capital on reasonable terms. Our financial statements do not include adjustments that would result from the outcome of this uncertainty.

We have significant obligations under payables and debt obligations. Our ability to operate as a going concern are contingent upon successfully obtaining additional financing. Failure to do so would adversely affect our ability to continue operations.

If capital is not available, we may then need to scale back or freeze our organic growth plans, sell our business under unfavorable terms, abd reduce expenses to manage our liquidity and capital resources. We may not be able extend or repay our current obligations, which could impact our ability to continue to operate as a going concern.

We have a history of operating losses, which raises substantial doubt about our ability to continue as a going concern.

The accompanying financial statements have been prepared under the assumption that the Company will continue as a going concern for the next 12 months. Such assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the year ended December 31, 2021, the Company recorded a net loss of $16,402 and used cash in operations of $17,589. As of December 31, 2021, we had a cash balance of $49 with borrowing capacity of $109, stockholders' equity of $4,203 and a working capital of $2,981. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

During the year ended December 31, 2021 the Company engaged in one transaction to raise capital in 2021 receiving net proceeds of $7,327 from an underwritten offering of common stock.

On March 11, 2022, the Company raised gross proceeds, before deducting placement agent fees and other offering expenses, are approximately $5.4 million, in a private placement of common stock and warrants.

In the event that management proceeds with sale assets rather than continuing to hold and operate all its assets long term, management's assessment of the fair value, and ultimate recoverability, of goodwill, intangibles, and other long-lived assets would be impacted and the Company could incur significant noncash charges and cash exit costs in future periods.

In the event that additional working capital is not available, we may be forced to scale back or freeze our growth plans, sell assets on less than favorable terms, reduce expenses, and/or curtail future plans to manage our liquidity and capital resources. In the event that management elects to proceed with asset sales in the future rather than continue to hold and operate all its assets long term, management's assessment of the fair value, and ultimate recoverability, of goodwill, intangibles, and other long-lived assets would be impacted and the Company could incur significant noncash charges and cash exit costs in future periods.

We may not be able to extend or repay our indebtedness owed to our secured lenders, which would have a material adverse effect on our financial condition and ability to continue as a going concern.

If we are unable to service or repay these obligations at maturity and we are otherwise unable to extend the maturity dates or refinance these obligations, we would be in default. We cannot provide any assurances that we will be able to raise the necessary amount of capital to service these obligations. Upon a default, our secured lenders would have the right to exercise their rights and remedies to collect, which would include foreclosing on our assets. Accordingly, a default would have a material adverse effect on our business, and we would likely be forced to seek bankruptcy protection.

We ***are not in compliance with Nasdaq Listing Rule 5550(a)(2), the bid price rule. If we are unable to cure the failure within the prescribed time period, our common stock will be subject to delisting. A delisting would materially reduce the liquidity of our common stock and have an adverse effect on our market price.***

On August 16, 2021, the Nasdaq Listing Qualifications Department notified us that, based on the previous 30 consecutive business days, the Company's common stock no longer met the minimum $1 bid price per share requirement. Therefore, in accordance with the Nasdaq Listing Rules (the "Rules"), the Company was provided 180 calendar days, or until February 14, 2022, to regain compliance. The common stock did not regain compliance with the minimum $1 bid price per share requirement during this initial compliance period. However, the Nasdaq Listing Qualifications Department determined that the Company is eligible for an additional 180 calendar day period, or until August 15, 2022, to regain compliance. Their determination is based on the Company meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Capital Market with the exception of the bid price requirement, and the Company's written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If at any time during this additional time period the closing bid price of the Company's security is at least $1 per share for a minimum of 10 consecutive business days, we will provide written confirmation of compliance and this matter will be closed. If we choose to implement a reverse stock split, it must complete the split no later than ten business days prior to the expiration date in order to timely regain compliance. Our board and stockholders authorized an up to one for five reverse split of our common stock to be implemented at the board's discretion. There can be no assurance a one for five reverse split would cause our common stock to meet the bid price requirement.

A delisting would materially reduce the liquidity of our common stock and have an adverse effect on our market price. A delisting would also likely make it more difficult for us to obtain financing through the sale of our equity. Any such sale of equity would likely be more dilutive to our current stockholders than would be the case if our shares were listed.

We require additional financing to support our working capital and execute our operating plans for 2022, which may not be available or may be costly and dilutive.

We require additional financing to support our working capital needs and fund our operating plans for fiscal 2022. To alleviate these conditions, management is currently evaluating various funding alternatives and may seek to raise additional funds through the issuance of equity, mezzanine or debt securities, through arrangements with strategic partners or through obtaining credit from financial institutions. As we seek additional sources of financing, there can be no assurance that such financing would 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.

Additionally, these alternatives may require significant cash payments for interest and other costs or could be highly dilutive to our existing shareholders. Any such financing alternatives may not provide us with sufficient funds to meet our long-term capital requirements.

Our indebtedness and liquidity needs could restrict our operations and make us more vulnerable to adverse economic conditions.

Our existing indebtedness may adversely affect our operations and limit our growth, and we may have difficulty making debt service payments on such indebtedness as payments become due. We may also experience the occurrence of events of default or breach of financial covenants. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions or covenants, a significant portion of our indebtedness may become immediately due and payable, our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments.

The COVID-19 pandemic and mitigation measures has had an adverse impact on global economic conditions, including disruption of stock markets and may impact on our ability to obtain financing on terms acceptable to us, if at all.

In February and March 2020, the financial markets significantly declined as the reality of the COVID-19 pandemic came into focus. The extent to which the COVID-19 pandemic continues to impact our results will depend on future developments that are highly uncertain and cannot be predicted at this time, including new information that may emerge concerning the severity of the virus and its variants and the actions to contain its impact. Disruption of stock markets had an impact on the cost of capital in 2020 and may, in the future, impact on our ability to obtain financing on terms acceptable to us, if at all.

Disruption within our supply chain, contract manufacturing or distribution channels could have an adverse effect on our business, financial condition and results of operations.

The prices of ingredients, other raw materials, packaging materials, aluminum cans and other containers fluctuate depending on market conditions, governmental actions, climate change and other factors beyond our control, including the COVID-19 pandemic. Substantial increases in the prices of our or ingredients, other raw materials, packaging materials, aluminum cans and other containers, to the extent they cannot be recouped through increases in the prices of finished beverage products, could increase our and our bottling partners' operating costs and reduce our profitability. Increases in the prices of our finished products resulting from a higher cost of ingredients, other raw materials, packaging materials, aluminum cans and other containers could affect affordability in some markets and reduce our or our bottling partners' sales. In addition, some of our ingredients as well as some packaging containers, such as aluminum cans, are available from a limited number of suppliers. We and our bottling partners may not be able to maintain favorable arrangements and relationships with these suppliers, and our contingency plans may not be effective in preventing disruptions that may arise from shortages of any ingredients that are available from a limited number of suppliers. Adverse weather conditions may affect the supply of other agricultural commodities from which key ingredients for our products are derived. An increase in the cost, a sustained interruption in the supply, or a shortage of some of these ingredients, other raw materials, packaging materials, aluminum cans and other containers that may be caused by changes in or the enactment of new laws and regulations; a deterioration of our or our bottling partners' relationships with suppliers; supplier quality and reliability issues; trade disruptions; changes in supply chain; and increases in tariffs; or events such as natural disasters, widespread outbreaks of infectious diseases (such as the COVID-19 pandemic), power outages, labor strikes, political uncertainties or governmental instability, or the like could negatively impact our net operating revenues and profits.

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. There is a risk that the mentioned entities may not adequately perform their functions within the network by, without limitation, failing to distribute to sufficient retailers or positioning our products in localities that may not be receptive to our product. 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:

- the level of demand for our brands and products in a particular distribution area;
- our ability to price our products at levels competitive with those of competing products; and
- 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.

We incur significant time and expense in attracting and maintaining key distributors.

Our marketing and sales strategy depends in large part on the availability and performance of our independent distributors. We currently do not have, nor do we anticipate in the future that we will be able to establish, long-term contractual commitments from some of our distributors. We may not be able to maintain our current distribution relationships or establish and maintain successful relationships with distributors in new geographic distribution areas. Moreover, there is the additional possibility that we may have to incur additional expenditures to attract and maintain key distributors in one or more of our geographic distribution areas in order to profitably exploit our geographic markets.

If we lose any of our key distributors or national retail accounts, our financial condition and results of operations could be adversely affected.

We depend in large part on distributors to distribute our beverages and other products. Some of our outside distributors are not bound by written agreements with us and may discontinue their relationship with us on short notice. Some distributors handle a number of competitive products. In addition, our products are a small part of our distributors' businesses.

We continually seek to expand distribution of our products by entering into distribution arrangements with regional bottlers or other direct store delivery distributors having established sales, marketing and distribution organizations. Many of our distributors are affiliated with and manufacture and/or distribute other soda and non-carbonated brands and other beverage products. In many cases, such products compete directly with our products.

The marketing efforts of our distributors are important for our success. If our brands prove to be less attractive to our existing distributors and/or if we fail to attract additional distributors, and/or our distributors do not market and promote our products above the products of our competitors, our business, financial condition and results of operations could be adversely affected.

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. Shortages in inventory levels, supply of raw materials or other key supplies could negatively affect us.

If we do not adequately manage our inventory levels, our operating results could be adversely affected.

We need to maintain adequate inventory levels to be able to deliver products to distributors on a timely basis. Our inventory supply depends on our ability to correctly estimate demand for our products. Our ability to estimate demand for our products is imprecise, particularly for new products, seasonal promotions and new markets. If we materially underestimate demand for our products or are unable to maintain sufficient inventory of raw materials, we might not be able to satisfy demand on a short-term basis. If we overestimate distributor or retailer demand for our products, we may end up with too much inventory, resulting in higher storage costs, increased trade spending and the risk of inventory spoilage. If we fail to manage our inventory to meet demand, we could damage our relationships with our distributors and retailers and could delay or lose sales opportunities, which would unfavorably impact our future sales and adversely affect our operating results. In addition, if the inventory of our products held by our distributors and retailers is too high, they will not place orders for additional products, which would also unfavorably impact our sales and adversely affect our operating results.

Our dependence on independent contract manufacturers could make management of our manufacturing and distribution efforts inefficient or unprofitable.

We are expected to arrange for our contract manufacturing needs sufficiently in advance of anticipated requirements, which is customary in the contract manufacturing industry for comparably sized companies. Based on the cost structure and forecasted demand for the particular geographic area where our contract manufacturers are located, we continually evaluate which of our contract manufacturers to use. To the extent demand for our products exceeds available inventory or the production capacity of our contract manufacturing arrangements, or orders are not submitted on a timely basis, we will be unable to fulfill distributor orders on demand. Conversely, we may produce more product inventory than warranted by the actual demand for it, resulting in higher storage costs and the potential risk of inventory spoilage. Our failure to accurately predict and manage our contract manufacturing requirements and our inventory levels may impair relationships with our independent distributors and key accounts, which, in turn, would likely have a material adverse effect on our ability to maintain effective relationships with those distributors and key accounts.

Increases in costs of packaging, ingredients and contract manufacturing tolling fees may have an adverse impact on our gross margin.

Over the past few years, costs of organic and natural ingredients have increased due to increased demand and required the Company to obtain these ingredients from a wider population of qualified vendors. Packaging costs such as paper and aluminum cans have experienced industry wide price increases in the past and there is always the risk that the company's co-packers increase their toll rates based on increases in their fixed and variable costs. If the Company is unable to pass on these costs, the gross margin will be significantly impacted.

Increased market spending may not drive volume growth

The Company's marketing efforts in the past have been limited. The current increase in marketing spending may not generate an increase in sales volume resulting in a net decrease in gross revenue.

Increases in costs of energy and freight may have an adverse impact on our gross and operating margins.

An increase in the price, disruption of supply or shortage of fuel and other energy sources in markets where our bottlers operate, which may be caused by increasing demand, by events such as natural disasters, power outages and extreme weather, or by government regulations, taxes, policies or programs designed to reduce greenhouse gas emissions to address climate change, could increase our operating costs and negatively impact our profitability. An increase in the price, disruption of supply or shortage of fuel and other energy sources in any of the markets in which our independent bottling partners operate could increase the affected independent bottling partners' operating costs and thus could indirectly negatively impact our results of operations.

Over the past few years, volatility in the global oil markets has resulted in high fuel prices, which many shipping companies have passed on to their customers by way of higher base pricing and increased fuel surcharges. With recent declines in fuel prices, some companies have been slow to pass on decreases in their fuel surcharges. If fuel prices increase again, we expect to experience higher shipping rates and fuel surcharges, as well as energy surcharges on our raw materials. It is hard to predict what will happen in the fuel markets in 2021. Due to the price sensitivity of our products, we may not be able to pass such increases on to our customers.

If we are unable to attract and retain key personnel, our efficiency and operations would be adversely affected.

Our success depends on our ability to attract and retain highly qualified employees in such areas as sales, marketing, product development, supply chain, finance and accounting. In general, we compete to hire new employees, and, in some cases, must train them and develop their skills and competencies. Our operating results could be adversely affected by increased costs due to increased competition for employees, higher employee turnover or increased employee benefit costs. Any unplanned turnover, particularly involving our key personnel, could negatively impact our operations, financial condition and employee morale.

If we fail to protect our trademarks and trade secrets, we may be unable to successfully market our products and compete effectively.

We rely on a combination of trademark and trade secrecy laws, confidentiality procedures and contractual provisions to protect our intellectual property rights. Failure to protect our intellectual property could harm our brand and our reputation, and adversely affect our ability to compete effectively. Further, enforcing or defending our intellectual property rights, including our trademarks, copyrights, licenses and trade secrets, could result in the expenditure of significant financial and managerial resources. We regard our intellectual property, particularly our trademarks and trade secrets, to be of considerable value and importance to our business and our success, and we actively pursue the registration of our trademarks in the United States and internationally. However, the steps taken by us to protect these proprietary rights may not be adequate and may not prevent third parties from infringing or misappropriating our trademarks, trade secrets or similar proprietary rights. In addition, other parties may seek to assert infringement claims against us, and we may have to pursue litigation against other parties to assert our rights. Any such claim or litigation could be costly. In addition, any event that would jeopardize our proprietary rights or any claims of infringement by third parties could have a material adverse effect on our ability to market or sell our brands, profitably exploit our products or recoup our associated research and development costs.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

We may become party to litigation claims and legal proceedings. Litigation involves significant risks, uncertainties and costs, including distraction of management attention away from our business operations. We evaluate litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from those envisioned by our current assessments and estimates. Our policies and procedures require strict compliance by our employees and agents with all U.S. and local laws and regulations applicable to our business operations, including those prohibiting improper payments to government officials. Nonetheless, our policies and procedures may not ensure full compliance by our employees and agents with all applicable legal requirements. Improper conduct by our employees or agents could damage our reputation or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines, as well as disgorgement of profits.

We are subject to risks inherent in sales of products in international markets.

Our operations outside of the United States contribute to our revenue and profitability, and we believe that developing and emerging markets present important future growth opportunities for us. However, there can be no assurance that existing or new products that we manufacture, distribute or sell will be accepted or be successful in any particular foreign market, due to local or global competition, product price, cultural differences, consumer preferences or otherwise. Here are many factors that could adversely affect demand for our products in foreign markets, including our inability to attract and maintain key distributors in these markets; volatility in the economic growth of certain of these markets; changes in economic, political or social conditions, imposition of new or increased labeling, product or production requirements, or other legal restrictions; restrictions on the import or export of our products or ingredients or substances used in our products; inflationary currency, devaluation or fluctuation; increased costs of doing business due to compliance with complex foreign and U.S. laws and regulations. If we are unable to effectively operate or manage the risks associated with operating in international markets, our business, financial condition or results of operations could be adversely affected.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial results.

The United States generally accepted accounting principles and related pronouncements, implementation guidelines and interpretations with regard to a wide variety of matters that are relevant to our business, such as, but not limited to, stock-based compensation, trade spend and promotions, and income taxes are highly complex and involve many subjective assumptions, estimates and judgments by our management. Changes to these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported results.

If we are unable to build and sustain proper information technology infrastructure, our business could suffer.

We depend on information technology as an enabler to improve the effectiveness of our operations and to interface with our customers, as well as to maintain financial accuracy and efficiency. If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure, we could be subject to transaction errors, processing inefficiencies, the loss of customers, business disruptions, or the loss of or damage to intellectual property through security breaches.

We could be subject to cybersecurity attacks.

Cybersecurity attacks are evolving and include malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in business processes, unauthorized release of confidential or otherwise protected information and corruption of data. Such unauthorized access could subject us to operational interruption, damage to our brand image and private data exposure, and harm our business.

Risks Factors Relating to Our Industry

The current aluminum shortage can harm our ability to meet consumer demand.

As a craft beverage company, we do not meet volume requirements to have a contract in place with our aluminum can supplier. Craft beverage companies such as us are facing an aluminum can shortage. We anticipate we will continue to see supply issues with all sizes of aluminum cans. This aluminum can shortage could harm our ability to timely produce enough product to meet consumer demand.

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, potential new taxes on sugar-sweetened beverages, and additional governmental regulations concerning the marketing and labeling/packing of the beverage industry. Additional or revised regulatory requirements, whether labeling, 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 launch new products that round out our diversified portfolio.

Legislative or regulatory changes that affect our products could reduce demand for products or increase our costs.

Taxes imposed on the sale of certain of our products by federal, state and local governments in the United States, Canada or other countries in which we operate could cause consumers to shift away from purchasing our beverages. Several municipalities in the United States have implemented or are considering implementing taxes on the sale of certain "sugared" beverages, including non-diet soft drinks, fruit drinks, teas and flavored waters to help fund various initiatives. These taxes could materially affect our business and financial results.

Additional taxes levied on us could harm our financial results.

Recent legislative proposals to reform U.S. taxation of non-U.S. earnings could have a material adverse effect on our financial results by subjecting a significant portion of our non-U.S. earnings to incremental U.S. taxation and/or by delaying or permanently deferring certain deductions otherwise allowed in calculating our U.S. tax liabilities.

We compete in an industry that is brand-conscious, so brand name recognition and acceptance of our products are critical to our success.

Our business is substantially dependent upon awareness and market acceptance of our products and brands by our targeted consumers. In addition, our business depends on acceptance by our independent distributors of our brands as beverage brands that have the potential to provide incremental sales growth rather than reduce distributors' existing beverage sales. Although we believe that we have been relatively successful towards establishing our brands as recognizable brands in the natural "better for you" beverage industry, it may be too early in the product life cycle of these brands to determine whether our products and brands will achieve and maintain satisfactory levels of acceptance by independent distributors, retail customers and consumers. We believe that the success of our brands will also be substantially dependent upon acceptance of our product name brands. Accordingly, any failure of our brands to maintain or increase acceptance or market penetration would likely have a material adverse effect on our revenues and financial results.

Competition from traditional non-alcoholic beverage manufacturers may adversely affect our distribution relationships and may hinder development of our existing markets, as well as prevent us from expanding our markets.

We target a niche in the estimated $25 billion carbonated soft drink market in the US, Canada and international markets. Our brands are generally regarded as premium and natural, with upscale packaging and are loosely defined as the artisanal (craft), premium bottled carbonated soft drink category. The soft drink industry is highly fragmented, and the craft soft drink category consists of such competitors as IBC, Stewart's, Zevia, Henry Weinhard's, Izze, Boylan and Jones Soda, to name a few. These brands have the advantage of being seen widely in the national market and being commonly known for years through well-funded ad campaigns. Our products have a relatively high price for an artisanal premium beverage product, minimal mass media advertising to date and a small but growing presence in the mainstream market compared to some of our larger competitors.

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 which also distribute other beverage brands. Our products compete with a wide range of drinks produced by a relatively large number of manufacturers, most of which have substantially greater financial, marketing and distribution resources than ours. Some of these competitors are placing 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.

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 new, innovative products and packages. We may not be successful in doing this and 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 compete in an industry characterized by rapid changes in consumer preferences and public perception, so our ability to continue developing new products to satisfy our consumers' changing preferences will determine our long-term success.

Failure to introduce new products or product extensions into the marketplace as current ones mature and to meet our consumers' changing preferences could prevent us from gaining market share and achieving long-term profitability. Product lifecycles can vary, and consumers' preferences and loyalties change over time. Although we try to anticipate these shifts and innovate new products to introduce to our consumers, we may not succeed. Customer preferences also are affected by factors other than taste, such as health and nutrition considerations and obesity concerns, shifting consumer needs, changes in consumer lifestyles, increased consumer information and competitive product and pricing pressures. Sales of our products may be adversely affected by the negative publicity associated with these issues. If we do not adequately anticipate or adjust to respond to these and other changes in customer preferences, we may not be able to maintain and grow our brand image and our sales may be adversely affected.

Global economic conditions may continue to adversely impact our business and results of operations.

The beverage industry, and particularly those companies selling premium beverages, can be affected by macro-economic factors, including changes in national, regional, and local economic conditions, unemployment levels and consumer spending patterns, which together may impact the willingness of consumers to purchase our products as they adjust their discretionary spending. Adverse economic conditions may negatively impact the ability of our distributors to obtain the credit necessary to fund their working capital needs, which could negatively impact their ability or desire to continue to purchase products from us in the same frequencies and volumes as they have done in the past. If we experience adverse economic conditions in the future, sales of our products could be adversely affected, collectability of accounts receivable may be compromised, and we may face obsolescence issues with our inventory, any of which could have a material adverse impact on our operating results and financial condition.

If we encounter product recalls or other product quality issues, our business may suffer.

Product quality issues, real or imagined, or allegations of product contamination, even when false or unfounded, could tarnish our image and could cause consumers to choose other products. In addition, because of changing government regulations or implementation thereof, or allegations of product contamination, we may be required from time to time to recall products entirely or from specific markets. Product recalls could affect our profitability and could negatively affect brand image.

We could be exposed to product liability claims.

Although we have product liability and basic recall insurance, insurance coverage may not be sufficient to cover all product liability claims that may arise. To the extent our product liability coverage is insufficient, a product liability claim would likely have a material adverse effect upon our financial condition. In addition, any product liability claim brought against us may materially damage the reputation and brand image of our products and business.

Our business is subject to many regulations and noncompliance is costly.

The production, marketing and sale of our beverages, including contents, labels, caps and containers, are subject to the rules and regulations of various federal, provincial, state and local health agencies. If a regulatory authority finds that a current or future product or production run is not in compliance with any of these regulations, we may be fined, or production may be stopped, which would adversely affect our financial condition and results of operations. Similarly, any adverse publicity associated with any noncompliance may damage our reputation and our ability to successfully market our products. Furthermore, the rules and regulations are subject to change from time to time and while we closely monitor developments in this area, we cannot anticipate whether changes in these rules and regulations will impact our business adversely. Additional or revised regulatory requirements, whether labeling, environmental, tax or otherwise, could have a material adverse effect on our financial condition and results of operations.

Significant additional labeling or warning requirements may inhibit sales of affected products.

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements relating to the chemical content or perceived adverse health consequences of certain of our products. These types of requirements, if they become applicable to one or more of our products under current or future environmental or health laws or regulations, may inhibit sales of such products. In California, a law requires that a specific warning appear on any product that contains a component listed by the state as having been found to cause cancer or birth defects. This law recognizes no generally applicable quantitative thresholds below which a warning is not required. If a component found in one of our products is added to the list, or if the increasing sensitivity of detection methodology that may become available under this law and related regulations as they currently exist, or as they may be amended, results in the detection of an infinitesimal quantity of a listed substance in one of our beverages produced for sale in California, the resulting warning requirements or adverse publicity could affect our sales.

We may not be able to develop successful new beverage products, which are important to our growth.

An important part of our strategy is to increase our sales through the development of new beverage products. We cannot provide assurance that we will be able to continue to develop, market and distribute future beverage products that will enjoy market acceptance. The failure to continue to develop new beverage products that gain market acceptance could have an adverse impact on our growth and materially adversely affect our financial condition. We may have higher obsolescent product expense if new products fail to perform as expected due to the need to write off excess inventory of the new products.

Our results of operations may be impacted in various ways by the introduction of new products, even if they are successful, including the following:

- sales of new products could adversely impact sales of existing products;
- we may incur higher cost of goods sold and selling, general and administrative expenses in the periods when we introduce new products due to increased costs associated with the introduction and marketing of new products, most of which are expensed as incurred; and
- when we introduce new platforms and package sizes, we may experience increased freight and logistics costs as our co-packers adjust their facilities for the new products.

The growth of our revenues is dependent on acceptance of our products by mainstream consumers.

We have dedicated significant resources to introduce our products to the mainstream consumer. As such, we have increased our sales force and executed agreements with distributors who, in turn, distribute to mainstream consumers at grocery stores and other retailers. If our products are not accepted by the mainstream consumer, our business could suffer.

Our failure to accurately estimate demand for our products could adversely affect our business and financial results.

We may not correctly estimate demand for our products. Our ability to estimate demand for our products is imprecise, particularly with new products, and may be less precise during periods of rapid growth, particularly in new markets. If we materially underestimate demand for our products or are unable to secure sufficient ingredients or raw materials including, but not limited to, glass, cans, cartons, labels, flavors or packing arrangements, we might not be able to satisfy demand on a short-term basis. Furthermore, industry-wide shortages of certain juice concentrates and sweeteners have been and could, from time to time in the future, be experienced, which could interfere with and/or delay production of certain of our products and could have a material adverse effect on our business and financial results. We do not use hedging agreements or alternative instruments to manage this risk.

The loss of our largest customers would substantially reduce revenues.

Our customers are material to our success. If we are unable to maintain good relationships with our existing customers, our business could suffer.

During the year ended December 31, 2021, the Company had two broker/distributors that accounted for approximately 19% and 11% of its sales, respectively; and during the year ended December 31, 2020, the Company had two broker/distributors that accounted for 25% and 12% of its sales, respectively. These two broker/distributors serve hundreds if not thousands of various retail chains and end customers.

No other customer exceeded 10% of sales for either period.

The loss of our largest vendors would substantially reduce revenues.

Our vendors are important to our success. If we are unable to maintain good relationships with our existing vendors, our business could suffer.

During the year ended December 31, 2021, the Company's largest two vendors accounted for approximately 13%, and 10% of its purchases, respectively. During the year ended December 31, 2020, the Company's largest two vendors accounted for approximately 12%, and 11% of its purchases, respectively.

As of December 31, 2021, no Company vendor accounted for more than 10% of the total accounts payable. As of December 31, 2020, the Company's largest two vendors accounted for 12% and 10% of the total accounts payable, respectively.

No other account was more than 10% of the balance of accounts payable in either period.

The loss of our third-party distributors could impair our operations and substantially reduce our financial results.

We depend in large part on distributors to distribute our beverages and other products. Some of our outside distributors are not bound by written agreements with the Company and may discontinue their relationship with us on short notice. Some distributors handle a number of competitive products. In addition, our products are a small part of our distributors' businesses.

We continually seek to expand distribution of our products by entering into distribution arrangements with regional bottlers or other direct store delivery distributors having established sales, marketing and distribution organizations. Many of our distributors are affiliated with and manufacture and/or distribute other soda and non-carbonated brands and other beverage products. In many cases, such products compete directly with our products.

The marketing efforts of our distributors are important for our success. If our brands prove to be less attractive to our existing distributors and/or if we fail to attract additional distributors, and/or our distributors do not market and promote our products above the products of our competitors, our business, financial condition and results of operations could be adversely affected.

Price fluctuations in, and unavailability of, raw materials and packaging that we use could adversely affect us.

We do not enter into hedging arrangements for raw materials. The prices of raw materials that we use have not increased significantly in recent years. Our results of operations would be adversely affected if the price of these raw materials were to rise, and we were unable to pass these costs on to our customers.

We depend upon an uninterrupted supply of the ingredients for our products, a significant portion of which we obtain overseas, principally from Peru, Fiji and Indonesia. Any decrease in the supply of these ingredients or increase in the prices of these ingredients as a result of any adverse weather conditions, pests, crop disease, interruptions of shipment or political considerations, among other reasons, could substantially increase our costs and adversely affect our financial performance.

We also depend upon an uninterrupted supply of packaging materials, such as glass, cans and paper items. We obtain bottles both domestically and internationally. Any decrease in supply of these materials or increase in the prices of the materials, as a result of decreased supply or increased demand, could substantially increase our costs and adversely affect our financial performance.

The loss of any of our co-packers could impair our operations and substantially reduce our financial results.

We rely on third parties, called co-packers in our industry, to produce our beverages.

During the years ended December 31, 2021 and 2020, the Company had utilized six separate US based co-packers for most its production needs. Although there are other packers that could produce the Company's beverages, a change in packers may cause a delay in the production process, which could ultimately affect operating results.

Our co-packing arrangements with other companies are on a short-term basis and such co-packers may discontinue their relationship with us on short notice. Our co-packing arrangements expose us to various risks, including:

- if any of those co-packers were to terminate our co-packing arrangement or have difficulties in producing beverages for us, our ability to produce our beverages would be adversely affected until we were able to make alternative arrangements; and

- our business reputation would be adversely affected if any of the co-packers were to produce inferior quality.

We believe that we have substantially reduced this risk by reducing our reliance upon any single co-packer. We are in discussion and negotiation with additional co-packers to ensure added capability for future production needs.

We compete in an industry characterized by rapid changes in consumer preferences and public perception, so our ability to continue to market our existing products and develop new products to satisfy our consumers' changing preferences will determine our long-term success.

Consumers are seeking greater variety in their beverages. Our future success will depend, in part, upon our continued ability to develop and introduce different and innovative beverages. In order to retain and expand our market share, we must continue to develop and introduce different and innovative beverages and be competitive in the areas of quality and health, although there can be no assurance of our ability to do so. There is no assurance that consumers will continue to purchase our products in the future. Additionally, many of our products are considered premium products and to maintain market share during recessionary periods, we may have to reduce profit margins, which would adversely affect our results of operations. In addition, there is increasing awareness and concern for the health consequences of obesity. This may reduce demand for our non-diet beverages, which could affect our profitability. Product lifecycles for some beverage brands and/or products and/or packages may be limited to a few years before consumers' preferences change. The beverages we currently market are in varying stages of their lifecycles and there can be no assurance that such beverages will become or remain profitable for us. The beverage industry is subject to changing consumer preferences and shifts in consumer preferences may adversely affect us if we misjudge such preferences. We may be unable to achieve volume growth through product and packaging initiatives. We also may be unable to penetrate new markets. If our revenues decline, our business, financial condition and results of operations will be materially and adversely affected.

Our quarterly operating results may fluctuate because of the seasonality of our business.

Our highest revenues occur during the summer and fall, the third and fourth quarters of each fiscal year. These seasonality issues may cause our financial performance to fluctuate. In addition, beverage sales can be adversely affected by sustained periods of bad weather.

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 not able to retain the full-time services of our management team, it will be more difficult for us to manage our operations and our operating performance could suffer.

Our business is dependent, to a large extent, upon the services of our management team. We do have a written employment agreement with two of five members of our management team. In addition, we do not maintain key person life insurance on any of our management team. Therefore, in the event of the loss or unavailability of any member of the management team to us, there can be no assurance that we would be able to locate in a timely manner or employ qualified personnel to replace him or her. The loss of the services of any member of our management team or our failure to attract and retain other key personnel over time would jeopardize our ability to execute our business plan and could have a material adverse effect on our business, results of operations and financial condition.

The price of our common stock may be volatile, and a shareholder's investment in our common stock could suffer a decline in value.

There has been significant volatility in the volume and market price of our common stock, and this volatility may continue in the future. In addition, factors such as quarterly variations in our operating results, litigation involving us, general trends relating to the beverage industry, actions by governmental agencies, national economic and stock market considerations as well as other events and circumstances beyond our control could have a significant impact on the future market price of our common stock and the relative volatility of such market price.

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. If we are unable to raise the funds required for all of our planned operations and key initiatives, we may be forced to allocate funds from other planned uses, which may negatively impact our business and operations, including our ability to develop new products and continue our current operations.

Many factors that are beyond our control may significantly affect the market price of our shares. These factors include:

- price and volume fluctuations in the stock markets;
- changes in our revenues and earnings or other variations in operating results;
- any shortfall in revenue or increase in losses from levels expected by us or securities analysts;
- changes in regulatory policies or law;
- operating performance of companies comparable to us; and
- general economic trends and other external factors.

Even if an active market for our common stock is established, stockholders may have to sell their shares at prices substantially lower than the price they paid for them or might otherwise receive than if a broad public market existed.

There has been a very limited public trading market for our securities and the market for our securities may continue to be limited and be sporadic and highly volatile.

There is currently a limited public market for our common stock. Holders of our common stock may, therefore, have difficulty selling their shares, should they decide to do so. In addition, there can be no assurances that such markets will continue or that any shares which may be purchased, may be sold without incurring a loss. Any such market price of our shares may not necessarily bear any relationship to our book value, assets, past operating results, financial condition or any other established criteria of value, and may not be indicative of the market price for the shares in the future.

Future financings could adversely affect common stock ownership interest and rights in comparison with those of other security holders.

Our board of directors has the power to issue additional shares of common or preferred stock up to the amounts authorized in our certificate of incorporation without stockholder approval, subject to restrictive covenants contained in the Company's contracts. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our existing stockholders will be reduced, and these newly issued securities may have rights, preferences or privileges senior to those of existing stockholders. If we issue any additional common stock or securities convertible into common stock, such issuance will reduce the proportionate ownership and voting power of each other stockholder. In addition, such stock issuances might result in a reduction of the book value of our common stock. Any increase of the number of authorized shares of common stock or preferred stock would require board and shareholder approval and subsequent amendment to our certificate of incorporation.

Risk Factors Related to Distribution of Alcoholic Beverages

Demand for our products may be adversely affected by many factors, including changes in consumer preferences and trends.

Consumer preferences may shift due to a variety of factors including changes in demographic and social trends, public health initiatives, product innovations, changes in vacation or leisure activity patterns and a downturn in economic conditions, which may reduce consumers' willingness to purchase distilled spirits or cause a shift in consumer preferences away from ginger beer based cocktails toward beer, wine or non-alcoholic beverages. Our success depends in part on fulfilling available opportunities to meet consumer needs and anticipating changes in consumer preferences with successful new products and product innovations. The competitive position of our brands could also be affected adversely by any failure to achieve consistent, reliable quality in the product or in service levels to customers.

We face substantial competition in our industry and many factors may prevent us from competing successfully.

We compete based on product taste and quality, brand image, price, service and ability to innovate in response to consumer preferences. The global spirits industry is highly competitive and is dominated by several large, well-funded international companies. 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.

Adverse public opinion about alcohol could reduce demand for our products.

Anti-alcohol groups have, in the past, advocated successfully for more stringent labeling requirements, higher taxes and other regulations designed to discourage alcohol consumption. More restrictive regulations, negative publicity regarding alcohol consumption and/or changes in consumer perceptions of the relative healthfulness or safety of beverage alcohol could decrease sales and consumption of alcohol and thus the demand for our products. This could, in turn, significantly decrease both our revenues and our revenue growth, causing a decline in our results of operations.

Class action or other litigation relating to alcohol abuse, or the misuse of alcohol could adversely affect our business.

Companies in the beverage alcohol industry are, from time to time, exposed to class action or other litigation relating to alcohol advertising, product liability, alcohol abuse problems or health consequences from the misuse of alcohol. It is also possible that governments could assert that the use of alcohol has significantly increased government funded health care costs. Litigation or assertions of this type have adversely affected companies in the tobacco industry, and it is possible that we, as well as our suppliers, could be named in litigation of this type.

Also, lawsuits have been brought in a number of states alleging that beverage alcohol manufacturers and marketers have improperly targeted underage consumers in their advertising. Plaintiffs in these cases allege that the defendants' advertisements, marketing and promotions violate the consumer protection or deceptive trade practices statutes in each of these states and seek repayment of the family funds expended by the underage consumers. While we have not been named in these lawsuits, we could be named in similar lawsuits in the future. Any class action or other litigation asserted against us could be expensive and time-consuming to defend against, depleting our cash and diverting our personnel resources and, if the plaintiffs in such actions were to prevail, our business could be harmed significantly.

Regulatory decisions and legal, regulatory and tax changes could limit our business activities, increase our operating costs and reduce our margins.

Our business is subject to extensive regulation in all of the countries in which we operate. This may include regulations regarding production, distribution, marketing, advertising and labeling of beverage alcohol products. We are required to comply with these regulations and to maintain various permits and licenses. We are also required to conduct business only with holders of licenses to import, warehouse, transport, distribute and sell beverage alcohol products. We cannot assure you that these and other governmental regulations applicable to our industry will not change or become more stringent. Moreover, because these laws and regulations are subject to interpretation, we may not be able to predict when and to what extent liability may arise. Additionally, due to increasing public concern over alcohol-related societal problems, including driving while intoxicated, underage drinking, alcoholism and health consequences from the abuse of alcohol, various levels of government may seek to impose additional restrictions or limits on advertising or other marketing activities promoting beverage alcohol products. Failure to comply with any of the current or future regulations and requirements relating to our industry and products could result in monetary penalties, suspension or even revocation of our licenses and permits. Costs of compliance with changes in regulations could be significant and could harm our business, as we could find it necessary to raise our prices to maintain profit margins, which could lower the demand for our products and reduce our sales and profit potential.

Also, the distribution of beverage alcohol products is subject to extensive taxation both in the U.S. and internationally (and, in the U.S., at both the federal and state government levels), and beverage alcohol products themselves are the subject of national import and excise duties in most countries around the world. An increase in taxation or in import or excise duties could also significantly harm our sales revenue and margins, both through the reduction of overall consumption and by encouraging consumers to switch to lower-taxed categories of beverage alcohol.

Risk Factors Related to Our Common Stock

If we are not able to achieve our objectives for our business, the value of an investment in our Company could be negatively affected.

In order to be successful, we believe that we must, among other things:

- increase the volume for our products
- continue to find savings in our cost of goods (co-packer fees, packaging and ingredients);
- expand the number of co-packers for our core and innovation products;
- continue to recruit and retain top talent;
- drive increased awareness through our brand pull campaigns, and trial and repeat purchase of our core brands;

- drive increased SKU placement on shelf, and open new outlets of retail distribution through our investment in sales resources, partnerships and trade marketing support;

- manage our operating expenses to sufficiently support operating activities and

- avoid significant increases in variable costs relating to production, marketing and distribution.

We may not be able to meet these objectives, which could have a material adverse effect on our results of operations. We have incurred significant operating expenses in the past and may do so again in the future and, as a result, will need to increase revenues in order to improve our results of operations. Our ability to increase sales volume will depend primarily on success in marketing initiatives with industry brokers, improving our distribution base with DSD companies, introducing new no sugar brands, and focusing on the existing core brands in the market. Our ability to successfully enter new distribution areas and obtain national accounts will, in turn, depend on various factors, many of which are beyond our control, including, but not limited to, the continued demand for our brands and products in target markets, the ability to price our products at competitive levels, the ability to establish and maintain relationships with distributors in each geographic area of distribution and the ability in the future to create, develop and successfully introduce one or more new brands, products, and product extensions.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock;

- specify that special meetings of our stockholders can be called only upon the request of a majority of our board of directors or our Chief Executive Officer;

- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors; and

- prohibit cumulative voting in the election of directors.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management, and may discourage, delay or prevent a transaction involving a change of control of our Company that is in the best interest of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts.

Furthermore, we are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's voting stock. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, the board of directors 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, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or

- at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

The existence of this provision may have an anti-takeover effect with respect to transactions the Company's board of directors does not approve in advance. Section 203 may also discourage attempts that might result in a premium over the market price for the shares of Common Stock held by stockholders.

These provisions of Delaware law and the Certificate of Incorporation could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of the Company's common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the Company's management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Collectively, members of our board of directors and our executive officers hold approximately 11.2% of the Company's outstanding common stock, beneficially own approximately 26.7% of our common stock and may greatly influence the outcome of all matters on which stockholders vote.

Collectively, members of our board of directors and our executive officers hold approximately 11.2% of our outstanding common stock and beneficially own approximately 26.7% of our common stock. Members of our board of directors and our executive officers may influence the outcome of certain matters on which stockholders vote. (Beneficial ownership is calculated pursuant to Section 13d-3 of the Securities Exchange Act of 1934, as amended, and includes shares underlying derivative securities which may be exercised or converted within 60 days.)

If securities analysts or industry analysts downgrade our shares, publish negative research or reports, or do not publish reports about our business, our share price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us, our business and our industry. If one or more analysts adversely change their recommendation regarding our shares or our competitors' stock, our share price would likely decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. As a result, the market price for our common stock may decline.

We have the ability to issue additional shares of our common stock and shares of preferred stock without asking for stockholder approval, which could cause your investment to be diluted.

Our Articles of Incorporation authorize the Board of Directors to issue up to 180,000,000 shares of common stock and up to 500,000 shares of preferred stock. The power of the Board of Directors to issue shares of common stock, preferred stock or warrants or options to purchase shares of common stock or preferred stock is generally not subject to stockholder approval. Accordingly, any additional issuance of our common stock, or preferred stock that may be convertible into common stock, may have the effect of diluting your investment, and the new securities may have rights, preferences and privileges senior to those of our common stock.

Substantial sales of our stock may impact the market price of our common stock.

Future sales of substantial amounts of our common stock, including shares that we may issue upon exercise of options and warrants, could adversely affect the market price of our common stock. Further, if we raise additional funds through the issuance of common stock or securities convertible into or exercisable for common stock, the percentage ownership of our stockholders will be reduced, and the price of our common stock may fall.

Our common stock is thinly traded, and investors may be unable to sell some or all of their shares at the price they would like, or at all, and sales of large blocks of shares may depress the price of our common stock.

Our common stock has historically been sporadically or "thinly-traded," meaning that the number of persons interested in purchasing shares of our common stock at prevailing prices at any given time may be relatively small or nonexistent. As a consequence, there may be periods of several days or more when trading activity in shares of our common stock is minimal or non-existent, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. This could lead to wide fluctuations in our share price. Investors may be unable to sell their common stock at or above their purchase price, which may result in substantial losses. Also, as a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our stockholders may disproportionately influence the price of shares of our common stock in either direction. The price of shares of our common stock could, for example, decline precipitously in the event a large number of shares of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer that could better absorb those sales without adverse impact on its share price.

We do not intend to pay any cash dividends on our shares of common stock in the near future, so our shareholders will not be able to receive a return on their shares unless they sell their shares.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. Unless we pay dividends, our shareholders will not be able to receive a return on their shares unless they sell such shares.

Risk Factors Related to Environmental and Social Factors

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

Water is a main ingredient in substantially all of our products, is vital to the production of the agricultural ingredients on which our business relies and is needed in our manufacturing process. It also is critical to the prosperity of the communities we serve and the ecosystems in which we operate. Water is a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, increasing demand for food and other consumer and industrial products whose manufacturing processes require water, increasing pollution and emerging awareness of potential contaminants, poor management, lack of physical or financial access to water, sociopolitical tensions due to lack of public infrastructure in certain areas of the world and the effects of climate change. As the demand for water continues to increase around the world, and as water becomes scarcer and the quality of available water deteriorates, we may incur higher costs or face capacity constraints, which could adversely affect our profitability.

Increased demand for food products and decreased agricultural productivity may negatively affect our business.

As part of the manufacture of our beverage products, we and our bottling partners use a number of key ingredients that are derived from agricultural commodities; decreased agricultural productivity in certain regions of the world as a result of changing weather patterns; increased agricultural regulations; and other factors have in the past, and may in the future, limit the availability and/or increase the cost of such agricultural commodities and could impact the food security of communities around the world.

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. 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 bottlers. 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. 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.

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Adverse weather conditions could reduce the demand for our products.

The sales of our products are influenced to some extent by weather conditions in the markets in which we operate. Unusually cold or rainy weather during the summer months may have a temporary effect on the demand for our products and contribute to lower sales, which could have an adverse effect on our results of operations for such periods.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Property

The Company leases 8,620 square feet of office space in Norwalk, Connecticut, which serves as our principal executive offices. The lease commenced September 1, 2018 and continues in effect for a period of 5.5 years.

Item 3. Legal Proceedings

From time to time, we are a party to ordinary, routine litigation incidental to our business. Our management evaluates our exposure to these claims and proceedings individually and in the aggregate and provides for potential losses on such litigation if the amount of the loss is estimable and the loss is probable.

We are not party to any material pending legal proceedings (including environmental proceedings), other than ordinary, routine litigation incidental to the business at the current time. Although the results of such litigation matters and claims cannot be predicted with certainty, we believe that the final outcome of ordinary, routine litigation will not have a material adverse impact on our financial position, liquidity, or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

We voluntarily withdrew the principal listing of our common stock, par value $0.0001 per share from the NYSE American, LLC and transferred the listing to The Nasdaq Stock Market, LLC. The listing and trading of our common stock on the NYSE American, LLC ended at market close on May 9, 2019 and that trading began on the Nasdaq Capital Market at market open on May 10, 2019 under the stock symbol "REED".

On December 21, 2021, our shareholders approved an increase in the number of authorized shares of common stock from 120 million to 180 million. As of March 25, 2022, there were approximately 170 holders of record of the common stock (including only non-objecting beneficial owners of record) and 112,440,142 outstanding shares of common stock.

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 been previously disclosed in a Current Report on Form 8-K.

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 Corporation'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 Annual Report. This discussion and analysis may contain forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to those set forth under "Risk Factors" and elsewhere in this Annual Report.

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, 2021, the Company expanded its retail footprint outside of grocery and natural channels that historically represent the majority of our products sold. The Company continued to expand growth in its 12-ounce can product line led by Ginger Ale and Ginger Beer growth, fully utilizing its expanded network of co-packers to support this growth. In addition to our traditional sales channels, the Company is utilizing its ecommerce platform that includes their branded web sites and Amazon to offer its line of shots, ginger candy and drinks packaged in cans.

A public equity offering which closed during the year ended December 31, 2021, provided the Company with funds for working capital and general corporate purposes. These funds enabled us to initiate the implementation of our 2021 strategy that included driving growth while strategically reducing operating costs.

The Company remains focused on driving sales growth and improving margin. The sales growth focus is on channel expansion, new product introduction and improved sales execution. The margin enhancement initiative is driven by co-packer upgrades, better leveraged purchasing and improved efficiency. Underpinning these initiatives is a focus on strategically reducing operating costs.

COVID-19 Considerations

During the year ended December 31, 2021, the COVID-19 pandemic has impacted our operating results and the Company anticipates a continued impact for the balance of the year. In addition, the pandemic may cause reduced demand for our products if, for example, the pandemic results in a recessionary economic environment which negatively effects the consumers who purchase our products. Based on the recent increase in demand for our products, we believe that over the long term, there will continue to be strong demand for our products.

Through December 31, 2021, the Company has experienced higher transportation expenses as the capacity in the freight market has not kept up with demand. The Company believes that costs will continue to increase throughout the year. In addition, the Company experienced increases in the pricing of several of its raw materials and delays in procuring several of these items. However, mitigation plans are being implemented to manage this risk. Additionally, the Company was negatively impacted by supply chain challenges impacting our ability to benefit from strong demand for and increased sales of our product. The disruption caused by labor shortages, significant raw material cost inflation, logistics issues and increased freight costs, and ongoing port congestion, resulted in suppressed margins and net income. The Company anticipates a continued impact throughout 2022.

Our ability to operate without significant incremental negative operational impact from the COVID-19 pandemic will in part depend on our ability to protect our employees and our supply chain. The Company has endeavored to follow the recommended actions of government and health authorities to protect our employees. Since the inception of the COVID-19 pandemic and through December 31, 2021, we maintained the consistency of our operations during the onset of the COVID-19 pandemic. We will continue to innovate in managing our business, coordinating with our employees and suppliers to do our part in the infection prevention and remain flexible in responding to our customers and suppliers. However, the uncertainty resulting from the pandemic could result in an unforeseen disruption to our workforce and supply chain (for example an inability of a key supplier or transportation supplier to source and transport materials) that could negatively impact our operations.

Net sales for the year ended December 31, 2021, were up 19% from the prior year period. Through December 31, 2021, we continue to generate cash flows to meet our short-term liquidity needs, and we expect to maintain access to the capital markets. We have also not observed any material impairments of our assets or a significant change in the fair value of our assets due to the COVID-19 pandemic.

For additional information on risk factors related to the pandemic or other risks that could impact our results, please refer to “Risk Factors” in Part I, Item 1A of this Form 10-K.

Results of Operations – Year Ended December 31, 2021

The following table sets forth key statistics for the years ended December 31, 2021 and 2020, in thousands:

	Year Ended December 31,		Pct.
	2021	2020	Change
Gross billing (A)	$ 54,658	$ 46,801	17%
Less: Promotional and other allowances (B)	5,059	5,186	-2%
Net sales	$ 49,599	$ 41,615	19%
Cost of goods sold	36,001	28,849	25%
% of Gross billing	*66%*	*62%*	
% of Net sales	*73%*	*69%*	
Gross profit	$ 13,598	$ 12,766	7%
% of Net sales	*27%*	*31%*	
Expenses			
Delivery and handling	$ 11,939	$ 6,856	74%
% of Net sales	*24%*	*16%*	
Dollar per case ($)	*3.95*	*2.76*	
Selling and marketing	9,665	7,503	29%
% of Net sales	*19%*	*18%*	
General and administrative	7,965	7,023	13%
% of Net sales	16%	17%	
Total Operating expenses	29,569	21,382	38%
Loss from operations	$ (15,971)	$ (8,616)	85%
Interest expense and other expense	$ (431)	$ (1,561)	-72%
Net loss	$ (16,402)	$ (10,177)	61%
Loss per share – basic and diluted	$ (0.18)	$ (0.17)	7%
Weighted average shares outstanding - basic & diluted	91,234,406	60,644,842	50%

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

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

Sales, Cost of Sales, and Gross Margins

The following chart sets forth key statistics for the transition of the Company's top line activity through the years ended December 31, 2021.

	Total 2021	Total 2020	vs PY	Per Case 2021	Per Case 2020	vs PY
Cases:						
Reed's	1,605	1,254	28%			
Virgil's	1,388	1,204	15%			
Total Core	2,993	2,458	22%			
Non Core	2	2	0%			
Candy	28	26	8%			
Total	**3,023**	**2,486**	**22%**			
Gross Billing:						
Core	$ 53,263	$ 45,324	18%	$ 17.8	$ 18.4	-3%
Non Core	362	556	-35%	181.0	278.0	-35%
Candy	1,033	921	12%	36.9	35.4	4%
Total	**$ 54,658**	**$ 46,801**	**17%**	**18.1**	**18.8**	**-4%**
Discounts: Total	**$ (5,059)**	**$ (5,186)**	**-2%**	**$ (1.7)**	**$ (2.1)**	**-20%**
COGS:						
Core	$ (34,804)	$ (28,139)	24%	$ (11.6)	$ (11.4)	2%
Non Core	(304)	(110)	176%	(152.0)	$ (55.0)	176%
Candy	(893)	(600)	49%	(31.9)	$ (23.1)	38%
Total	**$ (36,001)**	**$ (28,849)**	**25%**	**$ (11.9)**	**$ (11.6)**	**3%**
Gross Margin:	**$ 13,598**	**$ 12,766**	**7%**	$ 4.5	$ 5.1	-12%
as % Net Sales	27%	31%				

Sales, Cost of Sales, and Gross Margins

As part of the Company's ongoing initiative to simplify and streamline operations the Company has identified core products on which to place its strategic focus. These core products consist of Reed's and Virgil's branded beverages. Non-core products consist primarily of Wellness Shots, candy and slower selling discontinued Reed's and Virgil's SKUs.

Core beverage volume for the year ended December 31, 2021, represents 99% of all beverage volume.

Core brand gross billing increased by 18% to $53,263 compared to the same period last year, driven by Reed's volume growth of 28% and Virgil's volume growth of 15%. The result is an increase in total gross billing of 17%, to $54,658 in the year ended December 31, 2021, from $46,801 during the year ended December 31, 2020. Price on our core brands decreased 3% to $17.80 per case due to a shift in mix to lower priced, higher margin products.

Discounts as a percentage of gross billing decreased to 9% from 11% in the same period last year. As a result, net sales revenue grew 19% in the year ended December 31, 2021, to $49,599, compared to $41,615 in the same period last year.

Cost of Goods Sold

Cost of goods sold increased $7,152 during the year ended December 31, 2021, as compared to the same period last year. As a percentage of net sales, cost of goods sold for the year ended December 31, 2021, was 73% as compared to 69% for the same period last year.

The total cost of goods per case increased to $11.91 per case in the year ended December 31, 2021, from $11.60 per case for the same period last year. The cost of goods sold per case on core brands was $11.63 during the year ended December 31, 2021, compared to $11.45 for the same period last year.

Gross Margin

Gross margin was 27% for the year ended December 31, 2021, compared to 31% for the same period last 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 increased by $5,083 in the years ended December 31, 2021, to $11,939 from $6,856 in the same period last year, driven by increased volumes, ecommerce fulfilment costs, and increasing freight rates due to market conditions. Delivery costs in the year ended December 31, 2021, were 24% of net sales and $3.95 per case, compared to 16% of net sales and $2.76 per case during the same period last 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 increased $2,162 to $9,665 during the year ended December 31, 2021, compared to $7,503 during the same period last year. As a percentage of net sales, selling and marketing costs increased to 19% during the year ended December 31, 2021, as compared to 18% during the same period last year. The increase was driven by staffing costs, stock compensation, and distributor buyout.

General and Administrative Expenses

General and administrative expenses consist primarily of the cost of executive, administrative, operations and finance personnel, as well as professional fees. General and administrative expenses increased in the year ended December 31, 2021, to $7,965 from $7,023 an increase of $942 over the same period last year. The increase was driven by higher legal settlements, liquor licensing fees, loss on sale of assets, recycling fees, postage, public company costs, travel expenses, depreciation, and bad debt, partially offset by lower stock compensation.

Loss from Operations

The loss from operations was $15,971 for the year ended December 31, 2021, as compared to a loss of $8,616 in the same period last year driven by increased gross profit offset by increases in operating expenses discussed above.

Interest and Other Income (Expense)

Interest and other income for the year ended December 31, 2021, consisted of $1,201 of interest expense offset by $770 gain on forgiveness of debt. During the same period last year, interest and other expense consisted of $1,307 of interest expense, loss on extinguishment of debt of $262, offset by the change in fair value of our warrant liability of $8.

Modified EBITDA

In addition to our GAAP results, we present Modified EBITDA as a supplemental measure of our performance. However, Modified EBITDA is not a recognized measurement under GAAP and should not be considered as an alternative to net income, income from operations or any other performance measure derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of liquidity. We define Modified EBITDA as net income (loss), plus interest expense, depreciation and amortization, stock-based compensation, changes in fair value of warrant expense, and one-time restructuring-related costs including employee severance and asset impairment.

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 GAAP are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Modified 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 Modified 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 Modified EBITDA for the year ended December 31, 2021 and 2020 (in thousands):

	Year Ended December 31,	
	2021	2020
Net loss	$ (16,402)	$ (10,177)
Modified EBITDA adjustments:		
Depreciation and amortization	243	204
Interest expense	1,201	1,307
Stock option and other noncash compensation	1,927	1,592
Gain on extinguishment of debt	(770)	-
Legal settlement	292	-
Loss on extinguishment of debt	-	262
Change in fair value of warrant liability	-	(8)
Impairment and severance costs	-	5
Total EBITDA adjustments	$ 2,893	$ 3,362
Modified EBITDA	$ (13,509)	$ (6,815)

We present Modified EBITDA because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Modified EBITDA in developing our internal budgets, forecasts and strategic plan; in analyzing the effectiveness of our business strategies in evaluating potential acquisitions; making compensation decisions; and in communications with our board of directors concerning our financial performance. Modified EBITDA has limitations as an analytical tool, which includes, among others, the following:

- Modified EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Modified EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Modified 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 Modified EBITDA does not reflect any cash requirements for such replacements.

Liquidity, Capital Resources and Going Concern

The accompanying financial statements have been prepared under the assumption that the Company will continue as a going concern for one year from the date these financial statements are issued. Such assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

For the year ended December 31, 2021, the Company recorded a net loss of $16,402 and used cash in operations of $17,589. These conditions raise substantial doubt regarding our ability to continue as a going concern for a period of at least one year from the date of issuance of these financial statements. In addition the Company's independent registered public accounting firm, in their report on the Company's December 31, 2021, audited financial statements, raised substantial doubt about the Company's ability to continue as a going concern.

During 2021, the Company conducted public offerings and sold 6.7 million of its common shares and received net proceeds of $7,327.

On March 10, 2022, the Company entered into a Securities Purchase Agreement ("Purchase Agreement") with certain institutional and accredited investors (the "Purchasers") pursuant to which the Purchasers agreed to purchase, and the Company agreed to issue and sell to the Purchasers in a private placement, an aggregate of 18,594,571 shares ("Shares") of the Company's common stock, $0.0001 par value ("Common Stock"), and warrants ("Warrants") to purchase an aggregate of 9,297,289 shares of Common Stock (the "Private Placement"). The purchase price per share of common stock and associated warrant was $0.28 for the investors (other than officers and directors of the Company) and $0.3502 for the officers and directors of the Company in compliance with the rules of the Nasdaq Stock Market. Each whole warrant entitles the holder to purchase one share of common stock at an exercise price of $0.2877 per share. The warrants are exercisable at a per share exercise price of $0.2877 for a period of five years commencing six months from the closing date. Officers and directors of the Company purchased approximately $1.1 million of the securities in the offering. The gross proceeds to the Company, after deducting placement agent fees and other offering expenses, are approximately $5.1 million.

Historically, we have financed our operations through public and private sales of common stock, issuance of preferred and common stock, convertible debt instruments, term loans and credit lines from financial institutions, and cash generated from operations. Management is currently evaluating various funding alternatives and may seek to raise additional funds through the issuance of equity, mezzanine or debt securities, through arrangements with strategic partners or through obtaining credit from financial institutions. In addition, we have taken decisive action to improve our margins, including fully outsourcing our manufacturing process, streamlining our product portfolio, negotiating improved vendor contracts and restructuring our selling prices.

Critical Accounting Policies and Estimates

Use of Estimates and Assumptions. The preparation of financial statements in conformity with generally accepted accounting principles 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 reserves of uncollectible accounts receivables, assumptions used in valuing inventories at net realizable value, impairment testing of recorded long-term tangible and intangible assets, the valuation allowance for deferred tax assets, accruals for potential liabilities, assumptions made in valuing stock instruments issued for services, and assumptions used in valuing warrant liabilities, and assumptions used in the determination of the Company's liquidity.

Accounts Receivable. Accounts receivable are recorded at the invoiced amounts. 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 bad debts 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 bad debts, bad debt charges are recorded based on the Company's historical losses and an overall assessment of past due trade accounts receivable outstanding.

Inventory. Inventory is stated at the lower of cost or net realizable value. We regularly review our inventory quantities on hand and record a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand and our ability to sell the product(s) concerned. Demand for our products can fluctuate significantly. Factors that could affect demand for our 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, our 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.

Revenue Recognition. Revenue and costs of sales are recognized when control of the products transfers to our customer, which generally occurs upon shipment from our 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.

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 as compensation expense on the straight-line basis over the vesting period. The Company recognizes the fair value of stock-based compensation within its Statements of Operations with classification depending on the nature of the services rendered.

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. Financial Statements

Report of Independent Registered Public Accounting Firm (PCAOB Firm ID: 572)	F-2
Financial Statements:	
Balance Sheets as of December 31, 2021 and December 31, 2020	F-3
Statements of Operations for the years ended December 31, 2021 and 2020	F-4
Statements of Changes in Stockholders' Equity for the years ended December 31, 2021 and 2020	F-5
Statements of Cash Flows for the years ended December 31, 2021 and 2020	F-6
Notes to Financial Statements for the years ended December 31, 2021 and 2020	F-7

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, 2021 and 2020, the related statements of operations, changes in stockholders' equity, 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, 2021 and 2020, 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.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, during the year ended December 31, 2021, the Company incurred a net loss and utilized cash in operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans to alleviate these conditions are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 audit 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 Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Inventory Valuation

As described in Notes 2 and 3 to the financial statements, the Company's inventories are valued at the lower of cost or net realizable value, determined on first-in, first-out ("FIFO") basis. Management considers historical usage, forecasted demand in relation to inventory on hand, market conditions, and other factors when estimating net realizable value.

We identified management's estimation of the net realizable value of inventory as a critical audit matter, because of the significant judgments made by management in estimating future demand and market conditions which are used to arrive at the net realizable value. This required a high degree of auditor judgment and increased auditor effort in auditing such assumptions.

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

- We obtained an understanding of management's process for estimating net realizable value.
- We assessed the reasonableness of management's forecasted product demand and tested the completeness and accuracy of the underlying data used in the analyses and whether they were consistent with the historical data and evidence obtained in other areas of the audit.
- We evaluated management's product demand forecast for reasonableness considering historical sales by product, comparing prior period estimates to actual results of the same period, and considering trends within the industry that could impact the movement of the products provided by the Company.
- 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.

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

/s/Weinberg & Company, P.A.
Los Angeles, California
April 15, 2022

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

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash	$ 49	$ 595
Accounts receivable, net of allowance of $215 and $234, respectively	5,183	4,718
Receivable from related party	933	682
Inventory	17,049	11,119
Prepaid expenses and other current assets	1,491	1,341
Total current assets	24,705	18,455
Property and equipment, net of accumulated depreciation of $561 and $361, respectively	992	920
Equipment held for sale	-	67
Intangible assets	624	615
Total assets	$ 26,321	$ 20,057
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,434	$ 6,746
Accrued expenses	286	895
Revolving line of credit	10,229	-
Payable to related party	614	557
Current portion of note payable	-	599
Current portion of lease liabilities	161	130
Total current liabilities	21,724	8,927
Lease liabilities, less current portion	394	555
Note payable, less current portion	-	171
Total liabilities	22,118	9,653
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, 180,000,000 and 120,000,000 shares authorized, respectively; 93,733,975 and 86,317,096 shares issued and outstanding, respectively	9	9
Additional paid in capital	107,237	97,031
Accumulated deficit	(103,137)	(86,730)
Total stockholders' equity	4,203	10,404
Total liabilities and stockholders' equity	$ 26,321	$ 20,057

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

REED'S, INC.
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2021 and 2020
(Amounts in thousands, except share and per share amounts)

	Year Ended December 31,	
	2021	**2020**
Net Sales	$ 49,599	$ 41,615
Cost of goods sold	36,001	28,849
Gross profit	13,598	12,766
Operating expenses:		
Delivery and handling expense	11,939	6,856
Selling and marketing expense	9,665	7,503
General and administrative expense	7,965	7,023
Total operating expenses	29,569	21,382
Loss from operations	(15,971)	(8,616)
Loss on extinguishment of debt	-	(262)
Gain on extinguishment of PPP note payable	770	-
Interest expense	(1,201)	(1,307)
Change in fair value of warrant liability	-	8
Net loss	(16,402)	(10,177)
Dividends on Series A Convertible Preferred Stock	(5)	(5)
Net loss attributable to common stockholders	$ (16,407)	$ (10,182)
Loss per share – basic and diluted	$ (0.18)	$ (0.17)
Weighted average number of shares outstanding – basic and diluted	91,234,406	60,644,842

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

REED'S, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2021 and 2020
(Amounts in thousands except share amounts)

	Common Stock		Preferred Stock		Additional Paid In	Accumulated	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Deficit	(Deficit)
Balance, December 31, 2019	47,595,206	$ 5	9,411	$ 94	$ 77,596	$ (76,548)	$ 1,147
Fair value of vested options	-	-	-	-	1,176	-	1,176
Fair value of vested restricted shares granted to Directors for services	444,740	-	-	-	416	-	416
Fair value of warrants issued on extinguishment of debt	-	-	-	-	402	-	402
Dividends on Series A Convertible Preferred Stock	4,530	-	-	-	5	(5)	-
Common shares issued pursuant to a rights offerings, net of offering costs	36,895,834	4	-	-	16,560	-	16,564
Common shares issued on conversion of note payable	1,339,286				857		857
Exercise of options	37,500	-	-	-	19	-	19
Net Loss	-	-	-	-	-	(10,177)	(10,177)
Balance, December 31, 2020	86,317,096	9	9,411	94	97,031	(86,730)	10,404
Fair value of vested options	-	-	-	-	1,684	-	1,684
Fair value of warrants issued as financing costs	-	-	-	-	458	-	458
Fair value of vested restricted shares granted to officers	282,727	-	-	-	243	-	243
Dividends on Series A Convertible Preferred Stock	4,645	-	-	-	5	(5)	-
Repurchase of common stock	(13,493)				(15)		(15)
Common shares issued on exercise of options	63,000				32		32
Common shares issued for financing costs	400,000				472		472
Common shares issued pursuant to a rights offerings, net of offering costs	6,680,000	-	-	-	7,327	-	7,327
Net Loss	-	-	-	-	-	(16,402)	(16,402)
Balance, December 31, 2021	93,733,975	$ 9	9,411	$ 94	$ 107,237	$ (103,137)	$ 4,203

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

REED'S, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
(Amounts in thousands)

	December 31, 2021	December 31, 2020
Cash flows from operating activities:		
Net loss	$ (16,402)	$ (10,177)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	143	88
Loss on disposal of property & equipment	67	-
Gain on termination of leases	(2)	-
Gain on extinguishment of PPP note payable	(770)	-
Loss on extinguishment of debt	-	262
Amortization of debt discount	162	452
Amortization of prepaid financing costs	295	-
Fair value of vested options	1,684	1,176
Fair value of vested restricted shares granted to directors and officers for services	243	416
Decrease in accounts receivable allowance	(19)	(141)
Inventory write-off	(59)	(452)
Decrease in fair value of warrant liability	-	(8)
Accrual of interest on convertible note to a related party	-	558
Lease liability	(115)	(28)
Changes in operating assets and liabilities:		
Accounts receivable	(446)	(2,478)
Inventory	(5,871)	(159)
Prepaid expenses and other assets	322	(759)
Decrease in right of use assets	100	116
Accounts payable	3,688	1,390
Accrued expenses	(609)	248
Net cash used in operating activities	(17,589)	(9,496)
Cash flows from investing activities:		
Intangible asset trademark costs	(9)	(39)
Purchase of property and equipment	(326)	(122)
Net cash used in investing activities	(335)	(161)
Cash flows from financing activities:		
Borrowings under revolving line of credit	66,234	50,975
Repayments of revolving line of credit	(56,005)	(54,636)
Capitalization of financing costs	-	(130)
Proceeds from loan payable	-	770
Amounts from related party	(193)	49
Repayment of convertible note payable	-	(4,250)
Principal repayments on finance lease obligation	(2)	(22)
Exercise of options	32	19
Repurchase of common stock	(15)	-
Proceeds from sale of common stock	7,327	16,564
Net cash provided by financing activities	17,378	9,339
Net decrease in cash	(546)	(318)
Cash at beginning of period	595	913
Cash at end of period	$ 49	$ 595
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 430	$ 1,740
Non-cash investing and financing activities:		
Offset accounts receivable related party and accounts payable related party	$ -	$ 153
Dividends on Series A Convertible Preferred Stock	$ 5	$ 5
Fair value of warrant recorded to prepaid expenses	$ 458	$ -
Common Shares issued for financing costs	$ 472	$ -
Note Payable principal extinguished	$ 770	$ -

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

1. Operations and Liquidity

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

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying financial statements, for the year ended December 31, 2021, the Company recorded a net loss of $16,402 and used cash in operations of $17,589. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year of the date that the financial statements are issued. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

As of December 31, 2021, we had a cash balance of $49 with borrowing capacity of $109, stockholders' equity of $4,203 and a working capital of $2,981. On March 10, 2022, the Company issued 18,594,571 shares of common stock and warrants to purchase 9,297,289 shares of common stock in a private placement. The net proceeds to the Company, after deducting placement agent fees and other offering expenses, are approximately $5,100 (see Note 15).

Historically, we have financed our operations through public and private sales of common stock, issuance of preferred and common stock, convertible debt instruments, term loans and credit lines from financial institutions, and cash generated from operations. To alleviate these conditions, management is currently evaluating various funding alternatives and may seek to raise additional funds through the issuance of equity, mezzanine or debt securities, through arrangements with strategic partners or through obtaining credit from financial institutions. As we seek additional sources of financing, there can be no assurance that such financing would 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 have also taken decisive action to improve our margins, including fully outsourcing our manufacturing process, streamlining our product portfolio, negotiating improved vendor contracts and restructuring our selling prices.

COVID-19 Considerations

During the year ended December 31, 2021, the COVID-19 pandemic has impacted our operating results and the Company anticipates a continued impact for the balance of the year. In addition, the pandemic may cause reduced demand for our products if, for example, the pandemic results in a recessionary economic environment which negatively effects the consumers who purchase our products. Based on the recent increase in demand for our products, we believe that over the long term, there will continue to be strong demand for our products.

Through December 31, 2021, the Company has experienced higher transportation expenses as the capacity in the freight market has not kept up with demand. The Company believes that costs will continue to increase throughout the year. In addition, the Company experienced increases in the pricing of several of its raw materials and delays in procuring several of these items. However, mitigation plans are being implemented to manage this risk. Additionally, the Company was negatively impacted by supply chain challenges impacting our ability to benefit from strong demand for and increased sales of our product. The disruption caused by labor shortages, significant raw material cost inflation, logistics issues and increased freight costs, and ongoing port congestion, resulted in suppressed margins and net income. The Company anticipates a continued impact throughout 2022.

Our ability to operate without significant incremental negative operational impact from the COVID-19 pandemic will in part depend on our ability to protect our employees and our supply chain. The Company has endeavored to follow the recommended actions of government and health authorities to protect our employees. Since the inception of the COVID-19 pandemic and through December 31, 2021, we maintained the consistency of our operations during the onset of the COVID-19 pandemic. We will continue to innovate in managing our business, coordinating with our employees and suppliers to do our part in the infection prevention and remain flexible in responding to our customers and suppliers. However, the uncertainty resulting from the pandemic could result in an unforeseen disruption to our workforce and supply chain (for example an inability of a key supplier or transportation supplier to source and transport materials) that could negatively impact our operations.

Net sales for the year ended December 31, 2021, were up 19% from the prior year period. Through December 31, 2021, we continue to generate cash flows to meet our short-term liquidity needs, and we expect to maintain access to the capital markets. We have also not observed any material impairments of our assets or a significant change in the fair value of our assets due to the COVID-19 pandemic.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reserves of uncollectible accounts receivables, assumptions used in valuing inventories at net realizable value, impairment testing of recorded long-term tangible and intangible assets, the valuation allowance for deferred tax assets, accruals for potential liabilities, assumptions made in valuing stock instruments issued for services, and assumptions used in valuing warrant liabilities, 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 expected losses. 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 bad debts 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 bad debts, bad debt charges are recorded based on the Company's historical losses and an overall assessment of past due trade accounts receivable outstanding.

The allowance for accounts receivable is established through a provision reducing the carrying value of receivables. At December 31, 2021 and 2020, the allowance was $215 and $234, 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. We regularly review our inventory quantities on hand and record a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand and our ability to sell the product(s) concerned. Demand for our products can fluctuate significantly. Factors that could affect demand for our 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, our 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. At December 31, 2021 and 2020, inventory has been reduced by cumulative write-downs for inventory aggregating $135 and $194, respectively.

Property and Equipment

Property and equipment is 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:

Property and Equipment Type	Years of Depreciation
Computer hardware and software	3-7 years
Machinery and equipment	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 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, 2021 and 2020, 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 we anticipate 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 our impairment test, we first assess qualitative factors to determine whether it is more likely than not the asset is impaired. If further testing is necessary, we compare the estimated fair value of our 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, 2021 and 2020, 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"). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contract(s), which include (1) identifying the contract or agreement with a customer, (2) identifying our performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied.

Revenue and costs of sales are recognized when control of the products transfers to our customer, which generally occurs upon shipment from our facilities. The Company's performance obligations are satisfied at that time. The Company does not have any significant contracts with customers requiring performance beyond delivery, and contracts with customers contain no incentives or discounts that could cause revenue to be allocated or adjusted over time. Shipping and handling activities are performed before the customer obtains control of the goods and therefore represent a fulfillment activity rather than a promised service to the customer.

All of the Company's products are offered for sale as finished goods only, and there are no performance obligations required post-shipment for customers to derive the expected value from them.

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

Cost of Goods Sold

Cost of goods sold is comprised of 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 our products are classified as operating expenses.

Delivery and Handling Expense

Shipping and handling costs are comprised of 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 $1,418 and $1,518 for the years ended December 31, 2021 and 2020, 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 Company recognizes the fair value of stock-based compensation within its Statements of Operations with classification depending on the nature of the services rendered.

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, 2021 and 2020, 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:

	December 31, 2021	December 31, 2020
Warrants	4,538,479	3,362,241
Common stock equivalent of Series A Convertible Preferred Stock	37,644	37,644
Unvested restricted common stock	111,164	150,000
Options	10,522,995	9,417,898
Total	15,210,282	12,967,783

The Series A Convertible Preferred Stock is convertible into Common shares at the rate of 1:4.

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 based on the Company's assumptions.

The carrying amounts of financial assets and liabilities, such as 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 maturity of these 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 operates in one segment for the manufacture and distribution of our products. In accordance with the "Segment Reporting" Topic of the ASC, the Company's chief operating decision maker has been identified as the Chief Executive Officer and President, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Existing guidance, which is based on a management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about products and services, major customers, and the countries in which the entity holds material assets and reports revenue. All material operating units qualify for aggregation under "Segment Reporting" due to their similar customer base and similarities in economic characteristics, nature of products and services, and procurement, manufacturing and distribution processes. Since the Company operates in one segment, all financial information required by "Segment Reporting" can be found in the accompanying financial statements.

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.

Gross sales. During the year ended December 31, 2021, the Company's largest two customers accounted for 19% and 11% of gross sales, respectively. During the year ended December 31, 2020, the Company's largest two customers accounted for 25% and 12% of gross sales, respectively.

Accounts receivable. As of December 31, 2021, the Company had accounts receivable from one customer which comprised 18% of its gross accounts receivable. As of December 31, 2020, the Company had accounts receivable from one customer which comprised 23% of its gross accounts receivable.

During the years ended December 31, 2021 and 2020, the Company utilized six separate co-packers for most its production and bottling of beverage products in the United States. The Company utilizes co-packers to produce 100% of its products. The Company has long-standing relationships with two different co-packers, and in conjunction with the sale of its manufacturing plant we entered into a third co-packing agreement with California Custom Beverage LLC ("CCB"), the purchaser of the plant (see Note 13). CCB is 100% owned by Chris Reed, founder of the Company and formerly Chief Executive Officer, Chairman, director, and most recently, Chief Innovation Officer. Although there are other packers, a change in co-packers may cause a delay in the production process, which could ultimately affect operating results.

Purchases from vendors. During the year ended December 31, 2021, the Company's largest two vendors accounted for approximately 13% and 10% of all purchases, respectively. During the year ended December 31, 2020, the Company's largest two vendors accounted for approximately 12% and 11% of all purchases, respectively.

Accounts payable. As of December 31, 2021, no vendor accounted for more than 10% the total accounts payable. As of December 31, 2020, the Company's largest two vendors accounted for 12% and 10% of the total accounts payable, respectively.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires entities to use a forward-looking approach based on current expected credit losses ("CECL") to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. ASU 2016-13 is effective for the Company beginning January 1, 2023, and early adoption is permitted. The Company does not believe the potential impact of the new guidance and related codification improvements will be material to its financial position, results of operations and cash flows.

In August 2020, the FASB issued ASU No. 2020-06 ("ASU 2020-06") "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)." ASU 2020-06 reduces the number of accounting models for convertible debt instruments by eliminating the cash conversion and beneficial conversion models. The diluted net income per share calculation for convertible instruments will require the Company to use the if-converted method. For contracts in an entity's own equity, the type of contracts primarily affected by this update are freestanding and embedded features that are accounted for as derivatives under the current guidance due to a failure to meet the settlement conditions of the derivative scope exception. This update simplifies the related settlement assessment by removing the requirements to (i) consider whether the contract would be settled in registered shares, (ii) consider whether collateral is required to be posted, and (iii) assess shareholder rights. ASU 2020-06 is effective January 1, 2024, for the Company and the provisions of this update can be adopted using either the modified retrospective method or a fully retrospective method. Early adoption is permitted, but no earlier than January 1, 2021, including interim periods within that year. Effective January 1, 2021, the Company early adopted ASU 2020-06 and that adoption did not have an impact on our financial statements and related disclosures.

Other recent accounting pronouncements 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 is valued at the lower of cost (first-in, first-out) or net realizable value and is comprised of the following (in thousands):

	December 31, 2021	December 31, 2020
Raw materials and packaging	$ 11,221	$ 6,793
Finished products	5,828	4,326
Total	$ 17,049	$ 11,119

4. Property and Equipment

Property and equipment is comprised of the following (in thousands):

	December 31, 2021	December 31, 2020
Right-of-use assets under operating leases	$ 724	$ 724
Right-of-use assets under finance leases	-	54
Computer hardware and software	400	400
Machinery and equipment	429	103
Total cost	1,553	1,281
Accumulated depreciation and amortization	(561)	(361)
Net book value	$ 992	$ 920

Depreciation expense for the years ended December 31, 2021 and 2020 was $143 and $88, respectively, and amortization of right-of-use assets for the years ended December 31, 2021 and 2020 was $100 and $116, respectively. During the year ended December 31, 2021, the Company disposed of right-of-use assets under finance leases with a cost of $48 and accumulated amortization of $38 and terminated $13 of related finance leases payable (see Note 8). During the year ended December 31, 2020, the Company disposed of right-of-use assets under finance leases with a net book value of $51 and terminated $51 of related finance leases (see Note 8). Additionally, during the year ended December 31, 2020, the Company reclassified $6 of right-of-use assets under operating leases to right-of-use assets under finance leases and disposed of fully depreciated computer hardware and software of $244 with zero net book value.

Equipment held for sale consists of the following (in thousands):

	December 31, 2021	December 31, 2020
Equipment held for sale	$ -	$ 163
Reserve	-	(96)
Net book value	$ -	$ 67

During the year ended December 31, 2021, the Company disposed the equipment held for sale and recorded a loss on disposal of $67.

5. Intangible Assets

Intangible assets are comprised of brand names acquired, specifically Virgil's, and costs related to trademarks. They have been assigned an indefinite life, as we currently anticipate 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. We first assess qualitative factors to determine whether it is more likely than not that the asset is impaired. If further testing is necessary, we compare the estimated fair value of our 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, 2021.

During the year ended December 31, 2021, the Company capitalized costs of $9 pertaining to legal and other fees incurred in applying for international trademarks for Reeds and Virgil's brands.

Intangible assets consist of the following (in thousands):

	December 31, 2021	December 31, 2020
Brand names	$ 576	$ 576
Trademarks	48	39
Total	$ 624	$ 615

6. Line of Credit

Amounts outstanding under the Company's credit facilities are as follows (in thousands):

	December 31, 2021	December 31, 2020
Line of Credit	$ 10,229	$ -

On October 4, 2018, the Company entered into a financing agreement with Rosenthal & Rosenthal, Inc. ("Rosenthal"). The financing agreement provides a maximum borrowing capacity of $13,000. Borrowings are based on a formula of eligible accounts receivable and inventories (the "permitted borrowings") plus advances (an "over-advance" of up to $4,000) in excess of permitted borrowings. At December 31, 2021, the unused borrowing capacity under the financing agreement was $109. The line of credit automatically renews each year until terminated. The line of credit matured on March 30, 2022 and was automatically renewed to mature on March 30, 2023.

Borrowings under the Rosenthal financing agreement bear interest at the greater of prime or 4.75%, plus an additional 2.0% to 3.5% depending on whether the borrowing is based upon receivables, inventory or is an over-advance. Additionally, the line of credit is subject to monthly facility and administration fees, and aggregate minimum monthly fees (including interest) of $4.

The line of credit is secured by substantially all of the assets, excluding intellectual property, of the Company. The over-advance is secured by all of Reed's intellectual property collateral. Additionally, any over-advance was guaranteed by an irrevocable stand-by letter of credit in the amount of $1,500, issued by Daniel J. Doherty III and the Daniel J. Doherty, III 2002 Family Trust, affiliates of Raptor/Harbor Reeds SPV LLC ("Raptor"). On March 11, 2021, the Company entered into an amendment to the financing agreement, releasing that irrevocable standby letter of credit of $1,500 by Raptor with a $2,000 pledge of securities to Rosenthal by John J. Bello and Nancy E. Bello, as Co-Trustees of The John and Nancy Bello Revocable Living Trust.

John J. Bello, current Chairman and former Interim Chief Executive Officer of Reed's, is a related party. He is also a greater than 5% beneficial owner of Reed's common stock. As consideration for the collateral support, Mr. Bello received 400,000 shares of Reed's restricted stock. The Company determined the fair value of the 400,000 restricted stock to be $472 which was recorded as a prepaid financing costs of which $75 remains in prepaid expenses and other current assets on the balance sheet at December 31, 2021. The prepaid financing fee is to be amortized over a twelve-month period. During the year ended December 31, 2021, the company amortized $397 of the prepaid financing costs to interest expense.

The financing agreement with Rosenthal includes customary restrictions that limit our ability to engage in certain types of transactions, including our ability to utilize tangible and intangible assets as collateral for other indebtedness. Additionally, the agreement contains a financial covenant that requires us to meet certain minimum working capital and tangible net worth thresholds as of the end of each quarter. We were in compliance with the terms of our agreement with Rosenthal as of December 31, 2021.

The Company annually incurs an additional $130 of fees from the bank, which is equal to 1% of the $13,000 borrowing limit. These costs have been capitalized and recorded as a debt discount and are amortized over the remaining life of the Rosenthal agreement. On December 31, 2020, the remaining unamortized debt discount of $162 is included in prepaid expense and other current assets on the balance sheet. Amortization of debt discount was $162 and $452 for the year ended December 31, 2021, and 2020, respectively. On December 31, 2021, the remaining unamortized debt discount of $65 is included in prepaid expense and other current assets on the balance sheet.

7. Note Payable

On April 20, 2020, the Company was granted a loan (the "PPP loan") from City National Bank in the aggregate amount of $770, pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act. At December 31, 2020, the note payable balance was $770. During the year ended December 31, 2021, the Company was notified that its PPP loan forgiveness application was approved in full, and the Company recorded the loan forgiveness as a gain on extinguishment of $770.

8. Leases 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.

During the years ended December 31, 2021 and 2020, lease costs totaled $179 and $181, respectively.

As of December 31, 2020, lease liabilities totaled $685, made up of finance lease liabilities of $16 and operating lease liabilities of $669. During the year ended December 31, 2021, the Company terminated $13 of finance leases, and made payments of $2 towards its finance lease liability and $78 towards its operating lease liability. As of December 31, 2021, operating lease liabilities totaled $555.

As of December 31, 2021, the weighted average remaining lease terms for an operating lease are 3.00 years. As of December 31, 2021, the weighted average discount rate for operating lease is 12.60%.

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

Years Ending December 31,	**Amounts**
2022	$ 222
2023	226
2024	221
2025	-
2026	-
Total payments	669
Less: Amount representing interest	(114)
Present value of net minimum lease payments	555
Less: Current portion	(161)
Non-current portion	$ 394

9. Stockholders' Equity

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, 2021, and 2020, there were 9,411 shares outstanding. Each share of Preferred Stock can be converted into four 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 our 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 our 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 our 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 four 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 year ended December 31, 2020, the Company paid dividends on the Preferred Stock through the issuance of 4,530 shares of its common stock, respectively, which based upon the then-current market price of the stock equated to dividends of $5 in each of the years. During the year ended December 31, 2021, the Company accrued dividends on the Preferred Stock of $5 and is included in accrued expenses in the accompanying balance sheets. No shares of Series A preferred stock were converted into common stock in 2021 and 2020.

Common Stock

The Company's common stock has a par value of $.0001. On December 30, 2021, our shareholders approved an increase in the authorized number of common shares from 120,000,000 to 180,000,000. On December 21, 2020, our shareholders approved an increase in the authorized number of common shares from 100,000,000 to 120,000,000. As of December 31, 2021, there were 180,000,000 shares authorized, and 93,733,975 shares of common stock outstanding. As of December 31, 2020, there were 120,000,000 shares authorized with 86,317,096 shares of common stock outstanding.

Common Stock Issuance

In May 2021, the Company conducted a public offering of 6,680,000 shares of its common shares at a public offering price of $1.18 per share. The net proceeds to the Company from this offering are $7,327, after deducting underwriting discounts and commissions and other offering expenses.

In November 2020, the Company conducted a public offering of 21,562,500 shares of its common shares at a public offering price of $0.56 per share. The net proceeds to the Company from this offering are $11,254, after deducting underwriting discounts and commissions and other offering expenses.

In April 2020, the Company conducted a public offering of 15,333,334 shares of its common shares at a public offering price of $0.375 per share. The net proceeds to the Company from this offering are $5,310, after deducting underwriting discounts and commissions and other offering expenses.

Common stock repurchases

During the year ended December 31, 2021, the Company repurchased 13,493 shares of common stock from an officer for $15 based on the market value of share on the date repurchased. The Company retired the shares.

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 September 29, 2017, the 2017 Compensation Plan (the "2017 Plan") was approved by our shareholders. Initially it provided for the issuance of up to 3,000,000 shares. On December 13, 2018 our shareholders approved a 3,500,000 share increase in the number of shares issuable under the 2017 Plan. Options issued and forfeited under the 2017 Plan contain an Evergreen provision and cannot be re-priced without shareholder approval. As of December 31, 2020 and 2019, shares issuable under the 2017 Plan were 1,168,258 and 3,436,864, respectively. With the shareholder approval of the 2020 Equity Incentive Plan on December 21, 2020, no further shares will be issued from the 2017 Compensation Plan.

On December 21, 2020, the 2020 Equity Incentive Plan (the "2020 Plan") was approved by our shareholders. The 2020 Plan provides for the issuance of up to 8,500,000 shares. Options issued and forfeited under the 2020 plan contain an Evergreen provision and cannot be re-priced without shareholder approval. As of December 31, 2021, shares issuable under the 2020 Plan were 3,874,048.

The 2020 Plan permits the grant of options and stock awards to our 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 purchase price of the underlying stock 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.

Restricted common stock

The following table summarizes restricted stock activity during the years ended December 31, 2021 and 2020:

	Unvested Shares	Issuable Shares	Fair Value at Date of Issuance	Weighted Average Grant Date Fair Value
Balance, December 31, 2019	-	-	$ -	$ -
Granted	594,740	-	508	0.85
Vested	(444,740)	444,740	-	-
Forfeited	-	-	-	-
Issued	-	(444,740)	(416)	-
Balance, December 31, 2020	150,000	-	92	0.89
Granted	245,900	-	226	0.92
Vested	(282,727)	282,727	-	-
Forfeited	(2,009)	-	-	0.89
Issued	-	(282,727)	(264)	-
Balance, December 31, 2021	111,164	-	$ 54	$ 0.89

During the year ended December 31, 2021, the Company issued 245,900 restricted stock awards to five non-employee directors. 61,475 of these restricted stock awards vested on February 1, 2021, May 1, 2021, August 1, 2021, and November 1, 2021. The aggregate fair value of the stock awards was $226 based on the market price of our common stock price which was $0.92 per share on the date of grants and is amortized as shares vest.

During the year ended December 31, 2020, the Company issued 594,740 shares of restricted stock to a director and two executive employees. 350,000 of these shares vested immediately, 94,740 shares vested in increments of 47,370 each over a two-month period of October and November 2020, 75,000 shares will vest in increments of 18,750 each over four years from the date of grant, and 75,000 shares will vest over four years based on performance criteria determined by the Board of Directors or Compensation Committee. Unvested shares remain subject to forfeiture if vesting conditions are not met. The aggregate fair value of the stock awards was $508 based on the market price of our common stock price which ranged from $0.81 to $0.95 per share on the dates of grants and is amortized as shares vest.

The total fair value of restricted common stock vesting during the year ended December 31, 2021 and 2020 was $243 and $416, respectively, and is included in general and administrative expenses in the accompanying statements of operations. As of December 31, 2021, the amount of unvested compensation related to issuances of restricted common stock was $54, which will be recognized as an expense in future periods as the shares vest. When calculating basic loss per share, these shares are included in weighted average common shares outstanding from the time they vest. When calculating diluted net income per share, these shares are included in weighted average common shares outstanding as of their grant date.

Stock Options

As of December 31, 2021, the Company has issued stock options to purchase an aggregate of 10,522,995 shares of common stock. The Company's stock option activity during the years ended December 31, 2021 and 2020 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2019	3,265,630	$ 2.19	7.09	$ 6
Granted	6,893,752	0.87		
Exercised	(37,500)	0.50		
Unvested forfeited or expired	(515,941)	2.10		
Vested forfeited or expired	(188,043)	4.20		
Outstanding at December 31, 2020	9,417,898	$ 1.19	8.55	$ 78
Granted	3,386,882	1.05		
Exercised	(63,000)	0.50		
Unvested forfeited or expired	(2,052,954)	1.22		
Vested forfeited or expired	(165,831)	2.83		
Outstanding at December 31, 2021	10,522,995	$ 1.12	7.88	$ -
Exercisable at December 31, 2021	3,671,949	$ 1.24	6.40	$ -

During the year ended December 31, 2021, the Company received proceeds of $32 and issued 63,000 shares of common shares on the exercise of stock options.

During the year ended December 31, 2021, the Company approved options exercisable into 3,386,882 shares to be issued pursuant to Reed's 2020 Equity Incentive Plan. 3,386,882 options were issued to employees, 1,693,441 options vesting annually over a four-year vesting period, and 1,693,441 options that will vest based on performance criteria to be established by the board of directors

The stock options are exercisable at prices ranging from $0.98 to $1.18 per share and expire in ten years. The total fair value of these options at grant date was approximately $2,412, which was determined using a Black-Scholes-Merton option pricing model with the following average assumption: stock price of $1.05 per share, expected term of six years, volatility of 79%, dividend rate of 0%, and weighted average risk-free interest rate of 0.98%. 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, 2020, the Company approved options exercisable into 4,625,952 shares to be issued pursuant to Reed's 2020 Equity Incentive Plan, and 2,267,800 shares to be issued pursuant to Reed's 2017 Incentive Compensation Plan. 6,558,752 options were issued to employees including 3,279,376 options that vest annually over a four-year vesting period, and 3,279,376 options that will vest based on performance criteria to be established by the board. In addition, 335,000 options granted to consultants, board members, and former employees vest over various periods.

The stock options are exercisable at a weighted average price $0.87 per share and expire in ten years. The total fair value of these options at grant date was approximately $3,561, which was determined using a Black-Scholes-Merton option pricing model with the following average assumption: average stock price of $0.87 per share, weight average expected term of 5.91 years, weighted average volatility ranging from 76%, dividend rate of 0%, and weighted average risk-free interest rate of 0.48%. The fair value of the options of $3,561 will be amortized as the options vest over a weighted average period of 2.67 years.

In the measurement of stock options granted in 2021 and 2020, 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, 2021 and 2020, the Company recognized $1,684 and $1,176 of compensation expense relating to vested stock options. As of December 31, 2021, the aggregate amount of unvested compensation related to stock options was approximately $2,833 which will be recorded as an expense in future periods as the options vest.

As of December 31, 2021, the outstanding options have no intrinsic value. The aggregate intrinsic value was calculated as the difference between the closing market price as of December 31, 2021, which was $0.36, and the exercise price of the outstanding stock options.

Additional information regarding options outstanding and exercisable as of December 31, 2021, is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number of Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Shares Exercisable	Weighted Average Exercise Price
$ 0.50 - $0.88	1,749,336	$ 0.66	8.18	1,022,824	$ 0.57
$ 0.89 - $1.34	6,718,000	0.99	8.76	1,145,591	0.95
$ 1.60 - $2.40	1,609,753	1.73	4.43	1,222,878	1.72
$ 2.44 - $3.66	415,906	2.71	6.23	250,656	2.82
$ 3.74 - $5.61	30,000	3.74	0.75	30,000	3.74
	10,522,995	$ 1.12	7.88	3,671,949	$ 1.12

11. Stock Warrants

As of December 31, 2021, the Company has issued warrants to purchase an aggregate of 4,538,479 shares of common stock. The Company's warrant activity during the years ended December 31, 2021 and 2020 is as follows:

	Shares	Weighted -Average Exercise Price	Weighted-Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2019	6,413,782	$ 2.06	1.52	$ -
Granted	1,000,000	0.64		
Exercised	-	-		
Forfeited or expired	(4,051,541)	2.03		
Outstanding at December 31, 2020	3,362,241	1.56	2.49	$ -
Granted	1,500,000	0.46		
Exercised	-	-		
Forfeited or expired	(323,762)	4.04		
Outstanding at December 31, 2021	4,538,479	$ 1.02	2.77	$ -
Exercisable at December 31, 2021	4,538,479	$ 1.02	2.77	$ -

On November 24, 2021, the Company granted John Bello, current Chairman, significant shareholder and former Interim Chief Executive Officer of Reed's, who is a related party, a 5-year warrant to purchase 1,500,000 shares of the Company common stock with an exercise price of $0.46. The fair value of the warrants granted was determined to be $458 and was recorded as a prepaid financing costs. During the year ended December 31, 2021, the Company amortized $148 of prepaid financing costs to interest expense, leaving a balance remaining of $310 to be amortized through July 2022. The fair value of the warrant was calculated using the Black-Scholes option pricing model using the following assumptions – stock price of $0.46; exercise price of $0.44; expected life of 5 years; volatility of 84.7%; dividend rate of 0% and discount rate of 0.77%. As of December 31, 2021, the outstanding warrants have no intrinsic value. The risk-free interest rate is based on rates established by the Federal Reserve Bank. The Company uses the historical volatility of its common stock to estimate its future volatility. The expected life of the warrant is based upon its remaining contractual life. The expected dividend yield reflects that the Company has not paid dividends to its common stockholders in the past and does not expect to do so in the foreseeable future.

On December 11, 2020, the Company issued to Raptor a 5-year warrant to purchase 1,000,000 shares of the Company common stock with an exercise price of $0.64. The fair value of the warrants granted was determined to be $402. The fair value of the warrant was calculated using the Black-Scholes option pricing model using the following assumptions – stock price of $0.64; exercise price of $0.64; expected life of 5 years; volatility of 79%; dividend rate of 0% and discount rate of 0.51%. During the year ended December 31, 2020, warrants to acquire 4,051,541 shares of common stock expired. As of December 31, 2020, the outstanding warrants had no intrinsic value.

Additional information regarding warrants outstanding and exercisable as of December 31, 2021, is as follows:

	Warrants Outstanding			Warrants Exercisable	
Range of Exercise Price	Number of Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Shares Exercisable	Weighted Average Exercise Price
$ 0.01 - $0.99	2,500,000	$ 0.53	4.52	2,500,000	$ 0.53
$ 1.00 - $1.99	1,560,194	1.50	0.64	1,560,194	1.50
$ 2.00 - $2.99	478,285	2.00	0.54	478,285	2.00
	4,538,479	$ 1.02	2.77	4,538,479	$ 1.02

12. Income Taxes

For the years ended December 31, 2021 and 2020, a reconciliation of the effective income tax rate to the U.S. statutory rate is as follows:

	December 31, 2021	December 31, 2020
Federal statutory tax rate	(21)%	(21)%
State rate, net of federal benefit	(5)%	(5)%
	(26)%	(26)%
Effect of change in tax rate	-%	-%
Valuation allowance	26%	26%
Effective tax rate	$ -	$ -

As of December 31, 2021 and 2020, significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
Deferred income tax asset:		
Net operating loss carryforwards	$ 18,573	$ 15,641
Disqualified corporate interest expense	1,078	857
Stock-based compensation	1,764	1,260
Accounts receivable allowances	26	61
Inventory reserves	35	51
Operating lease liability	145	179
Reserve for asset impairment	58	58
Gross deferred tax assets	21,679	18,107
Valuation allowance	(21,490)	(17,903)
Total deferred tax assets	189	203
Deferred tax liabilities:		
Operating lease right-of-use asset	(189)	(203)
Deferred finance costs	-	-
Total deferred tax liabilities	(189)	(203)
Net deferred tax asset (liability)	$ -	$ -

At December 31, 2021 and 2020, 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 $63,000 and $66,000, respectively. For state purposes approximately $36,000 and $42,000 was available at December 31, 2021 and 2020, respectively. The Federal carryforward for NOLs arising in years prior to 2019 is approximately $44,000, which expires on various dates through 2038. NOLs for 2019, 2020 and 2021 of approximately 19,000, 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 2041. 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, 2021 and 2020, 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, 2021 and 2020, the Company has not accrued interest or penalties related to uncertain tax positions. Tax years 2017 through 2021 remain open to examination by the major 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. Related Party Transactions

On December 31, 2018, the Company completed the sale of its Los Angeles manufacturing plant to California Custom Beverage, LLC ("CCB"), an entity owned by Christopher J. Reed, a related party, and CCB assumed the monthly payments on our lease obligation for the Los Angeles manufacturing plant. Our release from the obligation by the lessor, however, is dependent upon CCB's deposit of $1,200 of security with the lessor. The deposit is secured by Mr. Reed's pledge of common stock to the lessor and guaranteed personally by Mr. Reed and his wife. As of December 31, 2021, $800 has been deposited with the lessor and Mr. Reed has placed approximately 363,000 pledged shares valued at $131 that remain in escrow with the lessor.

Beginning in 2019, we are to receive a 5% royalty on CCB's private label sales to existing customers for three years and a 5% referral fee on CCB's private label sales to referred customers for three years. During the year ended December 31, 2021 and 2020, the Company recorded royalty revenue from CCB of $72 and $98, respectively.

At December 31, 2020, the Company had an aggregate receivable balance from CCB of $682. During the year ended December 31, 2021, the Company recorded royalty revenue receivable of $72, and advanced expenses of $179, leaving an aggregate receivable balance of $933 at December 31, 2021.

At December 31, 2021, and December 31, 2020, the Company had accounts payable due to CCB of $614 and $557, respectively.

Any over-advance on the Company's line of credit with Rosenthal was guaranteed by an irrevocable stand-by letter of credit in the amount of $1,500, issued by Daniel J. Doherty III and the Daniel J. Doherty, III 2002 Family Trust, affiliates of Raptor/Harbor Reeds SPV LLC ("Raptor"). On March 11, 2020, the Company entered into an amendment to the financing agreement, releasing that irrevocable standby letter of credit of $1,500 by Raptor with a $2,000 pledge of securities to Rosenthal by John J. Bello and Nancy E. Bello, as Co-Trustees of The John and Nancy Bello Revocable Living Trust. John J. Bello, current Chairman, significant shareholder and former Interim Chief Executive Officer of Reed's, is a related party. As consideration for the collateral support, Mr. Bello received 400,000 shares of Reed's restricted stock.

On November 24, 2021, the Bello trust provided additional collateral support securing a $2,500,000 over-advance under the Financing Agreement, and John J. Bello also provided a personal guarantee. The additional collateral was released on March 17, 2022 along with the personal guarantee. The initial pledged collateral was released March 30, 2022 with the pay-off of the Rosenthal facility.

Lindsay Martin, daughter of a director of the Company, was employed as Vice President of Marketing during the years ended December 31, 2021 and 2020. Ms. Martin was paid approximately $181 and $215, respectively, for her services during the years ended December 31, 2021 and 2020, respectively.

14. Commitments and Contingencies

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

We believe 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, we believe that the final outcome of such claims and proceedings will not have a material adverse impact on our financial position, liquidity, or results of operations.

15. Subsequent Events

On March 10, 2022, the Company entered into a Securities Purchase Agreement with certain institutional and accredited investors pursuant to which the investors agreed to purchase 18,594,571 shares of the Company's common stock and warrants to purchase 9,297,289 shares of common stock in a private placement. The warrants have an exercise price of $0.2877 per share for a period of five years commencing six months from the closing date of March 11, 2022. The purchase price per share of common stock and associated warrant was $0.28 for certain investors and was $0.3502 for investors who are officers and directors of the Company in compliance with the rules of the Nasdaq Stock Market. The net proceeds to the Company, after deducting placement agent fees and other offering expenses, was approximately $5.1 million. The officers and directors of the Company purchased approximately $1.1 million of the securities in the offering.

On March 21, 2022, the Board of Directors of the Company, upon recommendation from its governance committee, expanded the board from six to seven members and appointed Mr. Leon M. Zaltzman to serve as director.

Mr. Zaltzman is the founder and managing member of Union Square Park Capital Management, LLC ("USPCM"), and is also the managing member of Union Square Park GP ("USPGP"). USPCM and USPGP serve as the investment manager and general partner to Union Square Park Partners, LP ("USPP Fund"), respectively. Foregoing entities hereinafter collectively referred to as the "Union Square Entities".

USPP Fund participated in the Company's recent private placement of common stock and it acquired 10,714,286 shares of common stock and warrants to purchase 5,357,143 shares of common stock for $3,000. Prior to the private placement, Mr. Zaltzman and the Union Square Entities beneficially owned approximately 7.79% of Reed's common stock. After the private placement, Mr. Zaltzman and the Union Square Entities beneficially owned approximately 14.6% of Reed's common stock.

On March 28, 2022, the Company entered into a financing agreement with Alterna Capital Solutions ("ACS"), for a line of credit to replace its existing credit facility. The ACS line of credit is for a term of 3 years and provides for borrowings of up to $13,000. Borrowings are based upon eligible accounts receivable and inventory. The line of credit is secured by eligible accounts receivable and inventory of the Company. Inventory collateral is set to a maximum of 100% of eligible accounts receivable. An overadvance rider is in place which provides for up to $400 of additional borrowing beyond those amounts (the "Over Advance").

Borrowings under the ACS financing agreement bear interest of prime plus 4.75% but not less than 8.0% on receivables. Borrowings based on inventory bear an interest of prime plus 5.25% but not less than 8.5%. The additional overadvance rider bears a rate of prime plus 12.75%, but not less than 16.00%. Additionally, the line of credit is subject to monthly monitoring fee of $1 with a minimum usage requirement on the credit facility. A loan balance of less than $1,500 will bear interest at a rate in line with account receivables advances plus the monthly monitoring fee of $1.

The Company incurred $503 of direct costs of the transaction, consisting primarily of broker, bank and legal fees. These costs have been capitalized and are being amortized over the 3-year life of the ACS agreement.

On March 30, 2022, the Company paid in full its outstanding balance on its credit facility with Rosenthal & Rosenthal, Inc.

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

None.

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, 2021 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, 2021. 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, 2021.

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-month period ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

An effective internal control system, no matter how well designed, has inherent limitations, including the possibility of human error or overriding of controls, and, therefore, can provide only reasonable assurance with respect to reliable financial reporting. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements.

Item 9B. Other Information

On March 28, 2022, the Company entered into a financing agreement with Alterna Capital Solutions ("ACS"), for a line of credit to replace its existing credit facility with Rosenthal & Rosenthal, Inc. The ACS line of credit is for a term of 3 years and provides for borrowings of up to $13,000. Borrowings are based upon eligible accounts receivable and inventory. The line of credit is secured by eligible accounts receivable and inventory of the Company. Inventory collateral is set to a maximum of 100% of eligible accounts receivable. An overadvance rider is in place which provides for up to $400 of additional borrowing beyond those amounts (the "Over Advance").

Borrowings under the ACS financing agreement bear interest of prime plus 4.75% but not less than 8.0% on receivables. Borrowings based on inventory bear an interest of prime plus 5.25% but not less than 8.5%. The additional overadvance rider bears a rate of prime plus 12.75%, but not less than 16.00%. Additionally, the line of credit is subject to monthly monitoring fee of $1 with a minimum usage requirement on the credit facility. A loan balance of less than $1,500 will bear interest at a rate in line with account receivables advances plus the monthly monitoring fee of $1.

The Company incurred $503 of direct costs of the transaction, consisting primarily of broker, bank and legal fees. These costs have been capitalized and are being amortized over the 3-year life of the ACS agreement.

On March 30, 2022, the Company paid in full its outstanding balance on its credit facility with Rosenthal & Rosenthal, Inc.

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:

Name	Position	Age
Norman E. Snyder, Jr.	Chief Executive Officer, Director	60
Thomas J. Spisak	Chief Financial Officer	54
Neal Cohane	Chief Sales Officer	60
John J. Bello	Chairman of the Board	75
Lewis Jaffe	Director, Chairman of Governance and Compensations Committee, member of Audit and Operations Committee	64
James C. Bass	Director, Chairman of the Audit Committee and member of Compensation Committee	69
Rhonda Kallman	Director, member of the Compensation and Governance Committees	61
Louis Imbrogno, Jr.	Director, member of the Audit Committee	76
Leon M. Zaltman	Director	52

Business Experience of Directors and Executive Officers

Norman E. Snyder, Jr. was appointed as Chief Executive Officer and director of Reed's effective March 1, 2020. Prior to his promotion, Mr. Snyder served as Chief Operating Officer of Reed's from September 2019 through February 29, 2020. Prior to joining Reed's, Mr. Snyder served as President and Chief Executive Office for Avitae USA, LLC, an emerging premium new age beverage company that markets and sells a line of ready-to-drink caffeinated waters. Prior to Avitae, he served as the President and Chief Operating Officer for Adina For Life, Inc., President and Chief Executive Officer of High Falls Brewing Company, and Chief Financial Officer, and later Chief Operating Officer of South Beach Beverage Company, known as SoBe. In prior experience, Mr. Snyder served as Controller for National Football League Properties, Inc., and in various roles at PriceWaterhouseCoopers during an eight-year tenure. Mr. Snyder earned a B.S. in Accounting from the State University of New York at Albany.

Thomas J. Spisak has served as Chief Financial Officer of Reed's since December 2019. Prior to joining Reed's, Mr. Spisak provided financial leadership, including extensive expertise over a broad range of finance functions during his 26 year tenure in the North America region of Diageo, a multinational alcoholic beverage company with net sales over UK £12.9 billion (U.S. $16 billion). Mr. Spisak held numerous positions in multiple divisions of Diageo, most recently serving as Vice President of Finance and Controller of North America. Previously, he held positions of Vice President of Commercial Finance, Director of Business Performance and Senior Finance Director of Marketing and Innovation Decision Support, as well as other roles in finance. Prior to Diageo, Mr. Spisak served at International Masters Publishers, Inc., a private company with publishing activities in 35 countries. Mr. Spisak holds an MBA in International Business from Fairfield University and a Bachelor of Science in Finance from the University of Rhode Island.

Neal Cohane has served as Reed's Chief Sales Officer since March of 2008 and previously as Vice President of Sales since August 2007. From March 2001 until August 2007, Mr. Cohane served in various senior-level sales and executive positions for PepsiCo, most recently as Senior National Accounts Manager, Eastern Division. In this capacity, Mr. Cohane was responsible for all business development and sales activities within the Eastern Division. From March 2001 until November 2002, Mr. Cohane served as Business Development Manager, Non-Carbonated Division within PepsiCo where he was responsible for leading the non-carbonated category build-out across the Northeast Territory. From 1998 to March 2001, Mr. Cohane spent three years at South Beach Beverage Company, most recently as Vice President of Sales, Eastern Region. From 1986 to 1998, Mr. Cohane spent approximately twelve years at Coca-Cola of New York where he held various senior-level sales and managerial positions, most recently as General Manager New York. Mr. Cohane holds a B.S. degree in Business Administration from Merrimack College in North Andover, Massachusetts.

John J. Bello is Reed's Chairman and sales and marketing expert. Since 2001, Mr. Bello has been the Managing Director of JoNa Ventures, a family venture fund. From 2004 to 2012 Mr. Bello also served as Principal and General Partner at Sherbrooke Capital, a venture capital group dedicated to investing in leading, early stage health and wellness companies. Mr. Bello is the founder and former CEO of South Beach Beverage Company, the maker of nutritionally enhanced teas and juices marketed under the brand name SoBe. The company was sold to PepsiCo in 2001 for $370 million and in the same year Ernst and Young named Mr. Bello National Entrepreneur of the Year in the consumer products category for his work with SoBe. Before founding SoBe, Mr. Bello spent fourteen years at National Football League Properties, the marketing arm of the NFL and served as its President from 1986 to 1993. As the President, Mr. Bello has been credited for building NFL Properties into a sports marketing leader and creating the model by which every major sports league now operates. Prior to working for the NFL, Mr. Bello served in marketing and strategic planning capacities at the Pepsi Cola Division of PepsiCo Inc. and in product management roles for General Foods Corporation on the Sanka and Maxwell House brands. As a board chair, Mr. Bello has also worked with IZZE in brand building, marketing and strategic planning capacities. That brand was also sold to PepsiCo.

Mr. Bello earned his BA from Tufts University, cum laude, and received his MBA from the Tuck School of business at Dartmouth College as an Edward Tuck Scholar. Mr. Bello is extensively involved in non-profit work and currently serves as a Tufts University Trustee and advisory board member (athletics) and the Veteran Heritage Project in Scottsdale, Arizona. Mr. Bello also serves on the board of Rockford Fosgate, a seller of OEM audio equipment, and is executive director of Eye Therapies which has licensed its technology to Bausch and Lomb, who markets a redness reduction eye drop under the *Lumify* brand name.

James C. Bass has served as a director since September 29, 2017, is Chairman of the Audit Committee and member of the Compensation Committee. Mr. Bass is retired from the position of Chief Financial Officer and Senior Vice President of Sony Interactive Entertainment America LLC, commonly referred to as the PlayStation business of Sony where he joined in 1995 as Vice President of Finance. Mr. Bass has more than thirty-five years of financial and international management experience and was responsible for all of Sony's financial operations and controls including general accounting and financial reporting, planning, analysis and systems, treasury and risk management, internal audit, and federal, state and local income taxes. Prior experience includes holding several senior management positions encompassing fourteen years with Bristol-Myers Squibb Company, gaining international experience running operations in parts of Asia and Europe.

Mr. Bass also spent two years at Wang Laboratories as a Divisional Controller. He started his career in New York at the public accounting firm, Haskins and Sells, now Deloitte & Touche. Mr. Bass received a Bachelor of Business Administration degree in accounting and finance from Pace University, New York City. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

Lewis Jaffe has served as a director since October 19, 2016, is Chairman of the Governance Committee and a member of the Audit and Compensation Committees. Since August 2014, Mr. Jaffe is an Executive-in-Residence and Clinical Faculty at the Fred Kiesner Center for Entrepreneurship, Loyola Marymount University. He is also a technology futurist, Executive Coach and Public Speaker. Since January 2010, Mr. Jaffe has served on the board of FitLife Brands Inc. (FTLF:OTCBB) and serves on its audit, compensation and governance committees. Since 2006 he has served on the board of directors of York Telecom, a private company, and serves on its compensation and governance committees. From 2006 to 2008 Mr. Jaffe was Interim Chief Executive Officer and President of Oxford Media, Inc. Mr. Jaffe has also served in executive management positions with Verso Technologies, Inc., Wireone Technologies, Inc., Picturetel Corporation, and he was also previously a Managing Director of Arthur Andersen. Mr. Jaffe was the co-founder of MovieMe Network. Mr. Jaffe also served on the Board of Directors of Benihana, Inc. as its lead independent director from 2004 to 2012.

Mr. Jaffe is a graduate of the Stanford Business School Executive Program, holds a Bachelor of Science from LaSalle University and holds a Masters Professional Director Certification from the American College of Corporate Directors, a public company director education and credentialing program.

Louis Imbrogno, Jr. has served as a director since August 7, 2019. He served a 40-year tenure at PepsiCo, bringing extensive expertise in beverage supply chain and management. At PepsiCo he served in a variety of field operating assignments and staff positions including the role of Senior Vice President of Worldwide Technical Operations. In this role he was responsible for Pepsi-Cola's worldwide beverage quality, concentrate operations, research & development and contract manufacturing, reporting directly to the heads of Pepsi-Cola North America and PepsiCo Beverages International. Since Mr. Imbrogno's retirement from PepsiCo, he has consulted for multiple companies including PepsiCo.

Rhonda Kallman has served as a director since December 30, 2021. Ms. Kallman is the founder of Boston Harbor Distillery, LLC, makers of craft whiskey, gin, rum, liqueurs, and other inventive spirits, and has served as its Chief Executive Officer since 2012. In 1984 she co-founded The Boston Beer Company (NYSE: SAM) and served as EVP, overseeing sales & marketing as well as the company's human capital. Kallman was instrumental in paving the way for craft beer acceptance by making it available throughout the US while educating consumers on American craft beer superiority. In addition, as the pioneering woman in the beer industry, she was able to lead the way for other women to earn the respect and credibility they deserve.

Leon M. Zaltzman has served as a director since March 21, 2022. Mr. Zaltzman is the founder and managing member of Union Square Park Capital Management, LLC ("USPCM"), an SEC Registered Investment Adviser firm and is also the managing member of Union Square Park GP ("USPGP"). USPCM and USPGP serve as the investment manager and general partner to Union Square Park Partners, LP ("USPP Fund"), respectively. Foregoing entities hereinafter collectively referred to as the "Union Square Entities". Prior to founding USPCM and USPGP in April 2015, Mr. Zaltzman worked at various major banks and investment firms for over twenty years. Mr. Zaltzman received an M.B.A. degree from Columbia Business School in 1997 and a B.S.B.A. degree from the University of Denver in 1992.

Legal Proceedings

In 2014, Louis Imbrogno Jr. served as Chief Executive Officer of Constar International, Inc. for a six-month period during a bankruptcy proceeding and subsequent sale in a court administered public auction. He was not an executive officer of the company prior to the initiation of the bankruptcy proceedings.

Except as described above, to the best of our knowledge, 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

There are no family relationships between any of our executive officers and directors.

Corporate Governance

Audit Committee of the Board

The Audit Committee was formed in January 2007. The board has determined that each member of our Audit Committee is an "independent director" as defined by Rule 5605(a)(2) of The NASDAQ Stock Market Rules and that members of the Audit Committee are independent under the additional requirements of Rule 10A-3(b)(1) under the Securities Exchange Act of 1934 (the "Exchange Act"). The board has determined James C. Bass meets SEC requirements of an "audit committee financial expert" within the meaning of the Sarbanes Oxley Act of 2002, Section 407(b). 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. Additionally, we intend to continue to have at least one member of the Audit Committee whose experience or background results in the individual's financial sophistication. The Audit Committee charter is posted on our website at www.reedsinc.com.

Code of Ethics

Our Chief Executive Officer and all senior financial officers, including the Chief Financial Officer, are bound by a Code of Ethics that complies with Item 406 of Regulation S-B of the Exchange Act. Our Code of Ethics is posted on our website at http://investor.reedsinc.com.

Compliance with Section 16(a) of the Exchange Act

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 Forms 3 and 4 and amendments thereto furnished to Reed's under 17 CFR 240.16a-3(e) during our fiscal year ended December 31, 2021 the following individuals each filed one late Form 4 representing one transaction (unless otherwise noted): John Bello(2). None of our officers or directors filed Form 5.

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.

Item 11. Executive Compensation

The following table summarizes all compensation for fiscal years 2021 and 2020 earned by our "Named Executive Officers" during the reported periods:

Name and Principal Position	Year	Salary	Bonus	Stock Awards (1)	All Other Compensation (2)	Total
Norman E. Snyder, Jr.	**2020**	$ 308,782	$ 157,500	$ 121,500	$ 14,353	$ 602,135
Chief Executive Officer (Former Chief Operating Officer)	**2021**	$ 358,750	$ -	$ -	$ 14,092	$ 372,842
Thomas J. Spisak	**2020**	$ 253,847	$ 67,500	-	$ 3,488	$ 324,835
Chief Financial Officer	**2021**	$ 256,250	$ -	60,746	$ 10,638	$ 327,634
Neal Cohane	**2020**	$ 213,231	$ 66,150		$ 11,656	$ 291,037
Chief Sales Officer	**2021**	$ 243,333	$ -		$ 15,776	$ 259,110

(1) The amounts represent the fair value for share-based payment awards issued during the year. The award is calculated on the date of grant in accordance with Financial Accounting Standards.
(2) Other compensation includes both cash payments and the estimated value of the use of company assets.

Employment Agreements

Norman E. Snyder, Jr.

The board appointed Mr. Snyder to the office of Chief Operating Officer, effective March 1, 2020. Mr. Snyder succeeded John J. Bello who served as Interim Chief Executive Officer from September 30, 2019 through February 29, 2020. The board granted Mr. Snyder a one-time bonus of 150,000 RSAs vesting March 1, 2020, subject to the conditions and limitations of Reed's Second Amended and Restated 2017 Incentive Compensation Plan, in conjunction with his promotion. Pursuant his employment agreement, on February 25, 2020, he received an equity award of 446,000 stock options, one-half scheduled to vest in equal increments on an annual basis for four years and remainder to vest based on performance criteria to be determined by the board of directors (or compensation committee of the board). Mr. Snyder's performance-based cash bonus was set at a target amount of 30% of base salary for the term of his service as Chief Operating Officer. The agreement provided for acceleration of equity grants triggered by a "change of control", as defined in the agreement and contains confidentiality, invention assignment and non-solicitation covenants. Mr. Snyder is also eligible to participate in the company's benefit plans available to its executive officers.

On June 24, 2020, we entered into an amended and restated employment agreement with Norman E. Snyder, Jr. reflecting his promotion to Chief Executive Officer on March 1, 2020. The term of the agreement continues through March 1, 2023 and will automatically renew for an additional one-year term, unless earlier terminated or unless notice of non-renewal is submitted by either party 90 days in advance. Pursuant to the agreement, Mr. Snyder's base salary of $300,000 per year increased to $350,000 on September 30, 2020 based on satisfaction of certain objectives and to $360,500 on March 1, 2021. Mr. Snyder is also eligible to receive a performance-based cash bonus at a target amount of 50% of his base salary in effect. He is also eligible to participate in Reed's other benefit plans available to its executive officers. The agreement provides for acceleration of equity grants triggered by a "change of control", as defined in the agreement and contains customary, non-competition, confidentiality, invention assignment and non-solicitation covenants. Mr. Snyder is also entitled to six months' severance benefits in the event of termination without cause by Reed's or for good reason by Mr. Snyder, subject to execution of a release.

Thomas J. Spisak

We entered into an at-will employment agreement with Thomas J. Spisak to serve as the Chief Financial Officer of Reed's, effective December 2, 2019. The agreement may be terminated by the Company or Mr. Spisak, with or without notice and with or without cause, pursuant to the terms of the agreement. Mr. Spisak's base annual base salary was increased to $257,500 from $250,000 effective March 1, 2020. Mr. Spisak is also eligible to receive performance-based cash bonus at a target amount of 30% of his base salary. Pursuant to his employment agreement, Mr. Spisak received an initial equity award of 150,000 incentive stock options and 150,000 restricted stock awards on March 3, 2020, one-half of the award (75,000 options and 75,000 restricted stock awards) vesting in equal increments on an annual basis for four years and the remainder (75,000 options and 75,000 restricted stock awards) vesting based on performance criteria to be determined by the board of directors or compensation committee. Mr. Spisak is also eligible to participate in Reed's other benefit plans available to its executive officers. The agreement contains customary confidentiality, non-competition and invention assignment covenants.

Current Salary Arrangements of Other Named Executive Officers

Neal Cohane receives an annual salary which increased from $210,000 to $250,000 on March 1, 2021 with a 30% bonus target, and he is eligible to participate in benefits offered by the company to its executive officers.

Change-in-Control Provisions

General Policy

It is our general policy that awards that vest over a term greater one-year include provisions for acceleration upon a change-in-control.

Equity Compensation Plans

Our 2017 Plan provides the consequences of a change-in-control provisions may be set forth in individual award agreements. For purposes of the 2020 Plan, a "change in control" generally includes (a) the acquisition of more than 50% of the company's common stock, (b) the acquisition within a twelve-month period of 30% or more of the Company's common stock, (c) the replacement of a majority of the board of directors, within a twelve-month period, by directors whose election was not endorsed by the incumbent board, or (d) the acquisition of all or substantially all of the Company's assets.

Our 2020 Plan, as amended, provides that the Compensation Committee of the board retains discretion under the 2020 Plan to determine the treatment of outstanding awards in connection with a change in control of the Company, subject to the terms of contractual agreements of executive officers. For example, the Compensation Committee may cause awards granted under the 2020 Plan to vest upon a change in control, may cancel awards in exchange for a payment of cash (or without a payment, in the case of stock options or SARs with an exercise price that exceeds fair market value), or may cause awards to be continued or substituted in connection with a change in control. For purposes of the 2020 Plan, a "change in control" generally includes (a) the acquisition of more than 50% of the company's common stock, (b) the acquisition within a twelve-month period of 30% or more of the company's common stock, (c) the replacement of a majority of the board of directors, within a twelve-month period, by directors whose election was not endorsed by the incumbent board of directors, or (d) the acquisition of all or substantially all of the company's assets. The full definition of "change in control" is set out in the 2020 Plan.

General provisions of the 2017 Plan and 2020 Plan are subject to contractual modifications that may be set forth in executive employment agreements and award agreements.

Outstanding Equity Awards at Year-End

The following table sets forth information regarding unexercised options and equity incentive plan awards for each Named Executive Officer outstanding as of December 31, 2021:

Name and Position	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Exercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Norman E. Snyder, Jr.									
(Chief Executive Officer,									
Former Chief Operating Officer)	216,936	111,500	111,500	$ 0.88	2/25/2030				
	25,000	-	-	$ 0.50	3/25/2030				
	122,328	62,500	62,500	$ 0.70	5/20/2030				
	292,174	302,250	201,500	$ 0.95	9/16/2030				
Thomas J. Spisak									
(Chief Financial Officer)	72,992	37,500	37,500	$ 0.89	3/2/2030	37,500	$13,500	37,500	$ 13,500
	10,000	-	-	$ 0.50	3/25/2030				
	271,513	280,875	187,250	$ 0.95	9/16/2030				
Neal Cohane									
(Chief Sales Officer)	269,531	-	-	$ 1.60	3/28/2028				
	75,000	-	-	$ 0.50	3/25/2030				
	97,862	52,138	50,000	$ 0.70	5/20/2030				
	149,170	154,314	102,876	$ 0.95	9/16/2030				

Director Compensation

The following table summarizes the compensation paid to our non-employee directors for the year ended December 31, 2021:

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
John J. Bello	$ 104,167	$ 177,758	-	-	-	$ 281,925
Lewis Jaffe	$ 37,500	$ 15,158	-	-	-	$ 52,658
James C. Bass	$ 37,500	$ 15,158	-	-	-	$ 52,658
Scott R. Grossman (3)	$ 37,500	$ 15,158	-	-	-	$ 52,658
Louis Imbrogno, Jr.	$ 37,500	$ 15,158	-	-	-	$ 52,658
Rhonda Kallman (4)						

(1) The amounts represent the fair value of restricted stock awards granted during the year. The award is calculated on the date of grant in accordance with Financial Accounting Standards, excluding any impact of assumed forfeiture rates.
(3) Scott R. Grossman resigned from his position as director effective December 30, 2021.
(4) Rhonda Kallman was elected to the board on December 30, 2021 at the Reed's, Inc. 2021 Annual Stockholders Meeting.

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

The following table sets forth certain information regarding our shares of common stock beneficially owned as of March 22, 2022 for (i) each Named Executive Officer and director, and (ii) all Named Executive officers and directors as a group and (iii) each stockholder known 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. Unless otherwise indicated, voting and investment power relating to the shares shown in the table for our directors and executive officers is exercised solely by the beneficial owner or shared by the owner and the owner's spouse or children.

For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares of common stock that such person has the right to acquire within 60 days of March 22, 2022. For purposes of computing the percentage of outstanding shares of our common stock held by each person or group of persons named above, any shares that such person or persons has the right to acquire within 60 days of March 22, 2022 is deemed to be outstanding but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares listed as beneficially owned does not constitute an admission of beneficial ownership. Except as otherwise indicated below, 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 201 Merritt 7 Corporate Park, Norwalk, Connecticut 06851.

Named Beneficial Owner ***Directors and Named Executive Officers***	**Number of Shares Beneficially Owned**	**Percentage of Shares Beneficially Owned (1)**
John J. Bello (2)	10,091,433	8.8%
Norman E. Snyder, Jr. (3)	1,614,606	1.4%
Neal Cohane (4)	792,840	0.7%
James C. Bass (5)	516,709	0.5%
Thomas J. Spisak (6)	497,138	0.4%
Louis Imbrogno (7)	427,217	0.4%
Lewis Jaffe (8)	399,568	4%
Leon M. Zaltzman (9)	18,012,117	14.6%
Rhonda Kallman (10)	80,344	0.1%
Directors and Named Executive Officers as a group (9 persons)	32,718,263	25.8%
5% or greater stockholders		
Union Square Entities (11)	18,012,117	14.6%

* Less than 1%
(1) Based on 112,842,146 shares outstanding as of March 22, 2022.
(2) Includes 50,000 shares issuable upon exercise of currently-exercisable options, 80,344 RSAs from 2022 Board Compensation, and warrants of 1,500,000.
(3) Includes 656,438 shares issuable upon exercise of currently-exercisable options.
(4) Includes 591,563 shares issuable upon exercise of currently-exercisable options.
(5) Includes 80,000 shares issuable upon exercise of currently-exercisable options and 80,344 RSAs from 2022 Board Compensation.
(6) Includes 243,466 shares issuable upon exercise of currently-exercisable options.
(7) Includes 80,000 shares issuable upon exercise of currently-exercisable options and 80,344 RSAs from 2022 Board Compensation
(8) Includes 80,000 shares issuable upon exercise of currently-exercisable options and 80,344 RSAs from 2022 Board Compensation.
(9) On March 21, 2022, the Board of Directors of the Company, upon recommendation from its governance committee, expanded the board from six to seven members and appointed Leon M. Zaltzman to serve as director. Mr. Zaltzman is voting and dispositive control over shares held by the Union Square Entities.
(10) Includes 80,344 RSAs from 2022 Board Compensation
(11) Principal address is 1120 Avenue of the Americas, Suite 1512, New York, NY 10036. Mr. Zaltzman is the founder and managing member of Union Square Park Capital Management, LLC ("USPCM"), an SEC Registered Investment Adviser firm and is also the managing member of Union Square Park GP ("USPGP"). USPCM and USPGP serve as the investment manager and general partner to Union Square Park Partners, LP ("USPP Fund"), respectively. Foregoing entities hereinafter collectively referred to as the "Union Square Entities Mr. Zaltzman has voting and dispositive control over shares held by the Union Square Entities. Does not include 5,357,143 shares of common stock issuable upon exercise of certain warrants, which may not be exercised until September 27, 2022 and are subject to a 19.99% beneficial ownership blocker.

Securities Authorized for Issuance under Equity Compensation Plans

On September 29, 2017, the 2017 Incentive Compensation Plan for 3,000,000 shares was approved by our shareholders. On December 13, 2018 the Amended and Restated 2017 Incentive Compensation Plan was approved by our shareholders increasing the number of shares issuable by 3,500,000 to 6,500,000. On December 16, 2019, the Second Amended and Restated 2017 Incentive Compensation Plan ("2017 Plan") was approved by our shareholders, increasing the number of shares issuable by 1,000,000 to 7,500,000.

On December 21, 2020, the 2020 Equity Incentive Plan ("2020 Plan") for 8,500,000 shares was approved by our shareholders. The 2020 Plan replaced the 2017 Plan, which would have expired by its terms on September 30, 2027. On December 30, 2021, the Amended and Restated 2020 Plan was adopted by our shareholders, increasing the 2020 Plan to 15,000,000 shares.

We have discontinued the 2017 Plan and all plans that preceded the 2017 Plan and will not issue any new awards under these prior plans, although awards granted under these plans will remain in effect.

The following table provides information, as of December 31, 2021, with respect to equity securities authorized for issuance under 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 security holders	10,522,995	$	1.12	2,768,951
Equity compensation plans not approved by security holders	-	$	-	-
TOTAL	10,522,995	$	1.12	2,768,951

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

Certain Relationships and Related Transactions

Our board of directors has adopted written policies and procedures for the review of any transaction, arrangement or relationship between Reed's and one of our executive officers, directors, director nominees or 5% or greater stockholders (or their immediate family members), each of whom we refer to as a "related person," in which such related person has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, defined as a "related party transaction," the related party must report the proposed related party transaction to our Chief Financial Officer. The policy calls for the proposed related party transaction to be reviewed and, if deemed appropriate, approved by the Governance Committee. Our Governance Committee is comprised of Lewis Jaffe and Rhonda Kallman. Mr. Jaffe serves as Chairman. The board of directors has determined both of the members of the Governance Committee are independent under the rules of the Nasdaq Stock Market, LLC. If practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the Governance Committee will review, and, in its discretion, may ratify the related party transaction. Any related party transactions that are ongoing in nature will be reviewed annually at a minimum. The related party transactions listed below were reviewed by the full board of directors. Prior to August 2005, we did not have independent directors on our board to review and approve related party transactions. The Governance Committee shall review future related party transactions.

The following includes a summary of transactions since the beginning of fiscal 2021 or any currently proposed transaction, 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 (other than compensation described under "Executive Compensation"). We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to or better than terms available or the amounts that would be paid or received, as applicable, in arm's-length transactions.

Transactions with California Custom Beverage, LLC ("CCB")

As part of the sale of our beverage manufacturing equipment and private label business to California Custom Beverage, LLC ("CCB"), and entity owned by Christopher J. Reed, our founder and former Chairman, director and most recently, Chief Innovation Officer, CCB assumed the monthly payments on our lease obligation for the Los Angeles manufacturing plant. Our release from the obligation by the lessor, however, was dependent upon CCB's deposit of $1.2 million of security with the lessor. The deposit is secured by Mr. Reed's pledge of common stock to the lessor and guaranteed personally by Mr. Reed and his wife. As of December 31, 2021, $800 has been deposited with the lessor and Mr. Reed has placed approximately 363,000 pledged shares valued at $131 that remain pledged in in escrow in favor of lessor.

In addition, we also entered into a 3-year co-packing contract for the production of Reed's beverages in glass bottles at prevailing West Coast market rates. We are in the process of extending this agreement through the end of the year.

Furthermore, for a period of three years terminating December 31, 2021, we received a 5% royalty on CCB's private label sales to existing customers and a 5% referral fee on CCB's private label sales to referred customers. During the year ended December 31, 2021 and 2020, the Company recorded royalty revenue from CCB of $72 and $98, respectively.

At December 31, 2020, the Company had an aggregate receivable balance from CCB of $682. During the year ended December 31, 2021, the Company recorded royalty revenue receivable of $72, and advanced expenses of $179, leaving an aggregate receivable balance of $933 at December 31, 2021.

At December 31, 2021, and December 31, 2020, the Company had accounts payable due to CCB of $614 and $856, respectively.

Collateral Support Received from John J. Bello

On March 11, 2021, we entered into an amendment to that certain Financing Agreement dated October 4, 2018, as amended or supplemented with our senior secured lender, Rosenthal & Rosenthal, Inc. ("Rosenthal") releasing and replacing that irrevocable standby letter of credit by Daniel J. Doherty, III and Daniel J. Doherty, III 2002 Family Trust in the amount of $1.5 million, which served as financial collateral for certain obligations of Reed's under the Rosenthal credit facility, with a two million dollar ($2,000,000) pledge of securities to Rosenthal by John J. Bello and Nancy E. Bello, as Co-Trustees of THE JOHN AND NANCY BELLO REVOCABLE LIVING TRUST, under trust agreement dated December 3, 2012 (the "Bello Trust"), evidenced by that certain Pledge Agreement to Rosenthal, and as to which Rosenthal has a first and only perfected security interest by the Securities Account Control Agreement held by securities broker).

On November 24, 2021, the Bello trust provided additional collateral support securing a $2,500,000 over-advance under the Financing Agreement, and John J. Bello also provided a personal guarantee. The additional collateral was released on March 17, 2022 along with the personal guarantee. The initial pledged collateral was released March 30, 2022 with the pay-off of the Rosenthal facility.

John J. Bello is the current Chairman, significant stockholder and former Interim Chief Executive Officer of Reed's. As consideration for the collateral support, Mr. Bello received 400,000 shares of Reed's restricted stock and a warrant to purchase up to 1,500,000 shares of common stock at an exercise price of $0.46 per share.

Leon M. Zaltzman and Union Square Entities.

On March 21, 2022, the Board of Directors of Reed's, Inc., a Delaware corporation ("Reed's), upon recommendation from its governance committee, expanded the board from six to seven members and appointed Leon M. Zaltzman ("Mr. Zaltzman") to serve as director.

Mr. Zaltzman is the founder and managing member of Union Square Park Capital Management, LLC ("USPCM"), an SEC Registered Investment Adviser firm and is also the managing member of Union Square Park GP ("USPGP"). USPCM and USPGP serve as the investment manager and general partner to Union Square Park Partners, LP ("USPP Fund"), respectively. Foregoing entities hereinafter collectively referred to as the "Union Square Entities".

USPP Fund participated in Reed's recent private placement (the "private placement") of common stock, $0.0001 par value ("common stock"), and warrants, which closed on March 11, 2022, in the aggregate principal amount of $3,000,000. It acquired 10,714,286 shares of common stock and warrants to purchase 5,357,143 shares of common stock in the private placement. Prior to the private placement, Mr. Zaltzman and the Union Square Entities beneficially owned approximately 7.79% of Reed's common stock. After the private placement, Mr. Zaltzman and the Union Square Entities beneficially owned approximately 14.6% of Reed's common stock. The common stock and shares of common stock underlying the warrants have the same registration rights granted to all investors in the private placement.

Warrants issued to USPP Fund are not exercisable until September 27, 2022 and carry a 19.99% beneficial ownership blocker. In conjunction with the private placement and USPP Fund's role as lead investor, Reed's and USPCM had an oral understanding pursuant to which Reed's agreed to support the nomination of USPCM's nominee, Leon M. Zaltzman, to the Reed's board, upon qualification and recommendation from Reed's governance committee. Except as set forth above, USPP Fund invested in the private placement pursuant to the same terms and conditions of the other purchasers in the private placement.

Other

Lindsay Martin, daughter of a director of the Company, was employed as Vice President of Marketing during the years ended December 31, 2021 and 2020. Ms. Martin was paid approximately $233 and $215, respectively, for her services during the years ended December 31, 2021 and 2020, respectively.

Director Independence

As of the date of this Annual Report, our board has seven directors and the following four standing committees: an Audit Committee, a Compensation Committee, a Governance Committee and an Operations Committee. The board, upon recommendation from the Compensation Committee, determined each of Lewis Jaffe, James C. Bass, Rhonda Kallman and Louis Imbrogno is an "independent director" as defined by Rule 5605(a)(2) of The NASDAQ Stock Market Rules (the "NASDAQ Rules"). 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 Accounting Fees and Services

Weinberg & Company, P.A. ("Weinberg") was our independent registered public accounting firm for the years ended December 31, 2021 and 2020.

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, 2021 and 2020:

	2021	2020
Audit Fees	$ 186,089	$ 161,597
Audit-Related Fees	-	-
Tax Fees	45,184	36,169
All Other Fees	38,896	93,548
Total	$ 270,169	$ 291,314

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 2020 and 2019 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.

There were no hours expended on the principal accountant’s engagement to audit the registrant’s financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant’s full-time, permanent employees.

PART IV

Item 15. Exhibits and Financial Statements

(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

See the Exhibit Index, which follows the signature page of this Annual Report on Form 10-K, which is incorporated herein by reference.

(b) Exhibits

See Item 15(a) (3) above.

(c) Financial Statement Schedules

See Item 15(a) (2) above.

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: April 15, 2022

REED'S, INC.
a Delaware corporation

By: */s/ Norman E. Snyder, Jr.*
Norman E. Snyder, Jr.
Chief Executive Officer

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.

Signature	Title	Date
/s/ Norman E. Snyder, Jr. Norman E. Snyder, Jr.	Chief Executive Officer, (Principal Executive Officer), Director	April 15, 2022
/s/ Thomas J. Spisak Thomas J. Spisak	Chief Financial Officer (Principal Financial Officer)	April 15, 2022
/s/ John J. Bello John J. Bello	Chairman of the Board	April 15, 2022
/s/ Leon Michael Zaltzman Leon Michael Zaltzman	Director	April 15, 2022
/s/ Lewis Jaffe Lewis Jaffe	Director	April 15, 2022
/s/ James C. Bass James C. Bass	Director	April 15, 2022
/s/ Rhonda Kallman Rhonda Kallman	Director	April 15, 2022
/s/ Louis Imbrogno, Jr. Louis Imbrogno, Jr.	Director	April 15, 2022

EXHIBIT INDEX

Exhibit No.	Exhibit Title	Filed Herewith	Incorporated by Reference			
			Form	Exhibit	File No.	Date Filed
3 (i)	Certificate of Incorporation of Reed's, Inc., as amended	X				
3 (ii)	Amended and Restated Bylaws of Reed's, Inc.		10-KA	3.8	001-32501	04/08/2020
4.1	Form of common stock certificate		SB-2	4.1	333-120451	
4.2	Form of series A preferred stock certificate		SB-2	4.2	333-120451	
4.3	Form of common stock purchase warrant issued to investors on June 2, 2016		8-K	4.1	001-32501	6/03/2016
4.4	Form of common stock purchase warrant issued to Maxim Group LLC on June 2, 2016		8-K	4.2	001-32501	6/03/2016
4.5	Form of common stock purchase warrant issued to PMC Financial Services Group, LLC on November 9, 2015		10-Q	10.1	001-32501	5/11/2016
4.6	Form of 2017-1 common stock purchase warrant		8-K	4.1	001-32501	4/24/2017
4.7	Form of 2017-2 common stock purchase warrant		8-K	4.2	001-32501	4/24/2017
4.8	Form of 2017-3 common stock purchase warrant		8-K	4.1	001-32501	7/14/2017
4.9	Form of 2017-4 common stock purchase warrant		8-K	4.2	001-32501	7/14/2017
4.10	Form of common stock purchase Warrant issued to Raptor/ Harbor Reed's SPV on December 11, 2020		10-K	4.10	001-32501	3/30/2021
4.11	Form of Warrant (Union Square Park Partners, LP)		8-K	4.1	001-32501	3/22/2022
4.12	Form of Warrant 2022 PIPE		8-K	4.1	001-32501	3/14/2022
4 (vi)	Description of registrant's common stock	X				
10.1	Satisfaction Settlement and Release Agreement by and between Reed's, Inc. and Raptor/ Harbor Reeds SPV, dated December 11, 2020		10-K	10.1	001-32501	3/20/2021
10.2	Registration Rights Agreement by and between Reed's, Inc. and Raptor/ Harbor Reeds SPV, dated December 11, 2020		10-K	10.2	001-32501	3/20/2021
10.3	Amendment dated March 11, 2021 to Financing Agreement dated October 4, 2018 by and between Reed's, Inc, and Rosenthal & Rosenthal, Inc.		10-K	10.3	001-32501	3/20/2021
10.4	Registration Rights Agreement by and between Reed's, Inc., and purchasers signatory thereto dated May 26, 2016		8-K	10.3	001-32501	6/03/2016
10.5	Form of Registration Rights Agreement by and between Reed's, Inc. and Raptor/Harbor Reeds SPV LLC dated April 21, 2017		8-K	10.3	001-32501	4/24/2017
10.6*	Reed's, Inc. 2017 Incentive Compensation Plan		S-8	4.2	333-222741	1/29/2018
10.7*	Reed's, Inc. 2020 Equity Incentive Plan		S-8	4.2	333-252140	1/15/2021
10.8	Amendment dated December 23, 2020 to Financing Agreement dated October 4, 2018 between Reed's, Inc. and Rosenthal & Rosenthal, Inc.		10-K	10.8	001-32501	3/20/2021
10.9	Inventory Security Agreement by and between Reed's, Inc. and Rosenthal & Rosenthal Inc. dated October 4, 2018		10-Q	10.2	001-32501	11/14/2018

10.10	Intellectual Property Security Agreement by and between Reed's, Inc. and Rosenthal & Rosenthal Inc. dated October 4, 2018		10-Q	10.3	001-32501	11/14/2018
10.11	Security Interest (short form) by Reed's, Inc. in favor of Rosenthal & Rosenthal Inc. dated October 4, 2018		10-Q	10.4	001-32501	11/14/2018
10.12	Termination Agreement by and between Rosenthal & Rosenthal Inc. and Raptor/Harbor Reeds SPV LLC dated October 4, 2018		10-K	10.12	001-32501	3/20/2021
10.13	Sublease Agreement by and between Reed's, Inc., Merritt 7 Venture L.L.C., and GE Capital US Holdings, Inc., dated September 1, 2018		10-Q	10.7	001-32501	11/14/2018
10.14	Asset Purchase Agreement by and between Reed's, Inc. and California Custom Beverage LLC dated December 31, 2018		8-K	10.1	001-32501	12/31/2018
10.15	Assignment and Assumption of Lease and Consent of Lessor by and between Reed's, Inc. and California Custom Beverage LLC dated December 31, 2018		8-K	10.2	001-32501	12/31/2018
10.18	Form of Indemnification Agreement by and between Reed's, Inc. and officers and directors		10-K	10.31	001-32501	4/01/2019
10.19*	Executive Employment Agreement by and between Reed's, Inc. and Thomas J. Spisak dated December 2, 2019		10-KA	10.38	001-32501	4/08/2020
10.20*	Form of Non-Employee Director Nonstatutory Stock Option Agreement		8-K	10.1	001-32501	
10.21*	Form of Executive Incentive Stock Option Agreement		10-K		001-32501	8/10/2020
10.22*	Amended and Restated Employment Agreement by and between Reed's, Inc. and Norman E. Snyder, Jr. dated June 24, 2020		10-Q	10.1	001-32501	8/10/2020
10.23	Form of Reed's, Inc. Promissory Note, in the principal amount of $769,816 in favor of City National Bank, dated April 20, 2020.		8-K	10.1	001-32501	5/01/2020
10.24	Manufacturing and Distribution Agreement by and between Reed's, Inc. and B C Marketing Concepts Inc., dba Full Sail Brewing Company dated October 11, 2019		10-Q	10.3	001-32501	11/13/2019
10.25	Recipe Development Agreement Reed's, Inc. and B C Marketing Concepts Inc., dba Full Sail Brewing Company dated October 11, 2019		10-Q	10.4	001-32501	11/13/2019
10.26	Financing Agreement by and between Reed's, Inc. and Rosenthal & Rosenthal Inc. dated October 4, 2018		10-Q	10.1	001-32501	11/14/2018
10.27	Form of Securities Purchase Agreement by and among Reed's, Inc, and certain investors dated March 10, 2022		8-K	10.1	001-32501	0001-32501
10.28	Form of Registration Rights Agreement by and among Reed's, Inc, and certain investors dated March 10, 2022		8-K	10.2	001-32501	0001-32501
10.29	Amendment dated December 23, 2020 to Financing Agreement dated October 4, 2018 between Reed's, Inc. and Rosenthal & Rosenthal, Inc.	X				
10.30	Rosenthal & Rosenthal, Inc. Partial Release of Pledge Agreement dated March 17, 2022	X				
10.31	Ledgered ABL Agreement by and between Reed's, Inc. and Alterna Capital Solutions, LLC dated March 28, 2022	X				
14.1	Code of Ethics		SB-2	14.1	333-157359	
21	Subsidiaries of Reed's, Inc.		10-K	21	0001-32501	3/30/2021
22(ii)	Affiliate Guarantor	X				
23.1	Consent of Weinberg & Co., PA	X				

31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.	X
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.	X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.	X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.	X
101.INS	Inline XBRL Instance Document	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	Inline XBRL Taxonomy Extension Label Linkbase Document	X
101.LAB	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X
101.PRE	Inline XBRL Taxonomy Extension Label Linkbase Document	X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	

* Indicates a management contract or compensatory plan or arrangement.

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "REED'S, INC." AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF INCORPORATION, FILED THE SEVENTH DAY OF SEPTEMBER, A.D. 2001, AT 1:30 O`CLOCK P.M.

CERTIFICATE OF OWNERSHIP, FILED THE NINTH DAY OF OCTOBER, A.D. 2001, AT 1:30 O`CLOCK P.M.

CERTIFICATE OF REVIVAL, FILED THE FOURTEENTH DAY OF SEPTEMBER, A.D. 2004, AT 11 O`CLOCK A.M.

CERTIFICATE OF AMENDMENT, FILED THE TWENTY-SEVENTH DAY OF SEPTEMBER, A.D. 2004, AT 1:46 O`CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE TWELFTH DAY OF OCTOBER, A.D. 2004, AT 3:04 O`CLOCK P.M.

CERTIFICATE OF CORRECTION, FILED THE TENTH DAY OF NOVEMBER, A.D. 2004, AT 9:57 O`CLOCK P.M.

Jeffrey W. Bullock, Secretary of State

3433903 8100H
SR# 20172535608

Authentication: 202382490
Date: 04-17-17

You may verify this certificate online at corp.delaware.gov/authver.shtml

Delaware

The First State

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF CORRECTION IS THE ELEVENTH DAY OF NOVEMBER, A.D. 2004 AT 9:55 O'CLOCK P.M.

CERTIFICATE OF AMENDMENT, FILED THE EIGHTEENTH DAY OF DECEMBER, A.D. 2007, AT 6:29 O`CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE TWENTY-NINTH DAY OF APRIL, A.D. 2009, AT 10:54 O`CLOCK A.M.

CERTIFICATE OF DESIGNATION, FILED THE SIXTEENTH DAY OF NOVEMBER, A.D. 2009, AT 2:10 O`CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE SEVENTH DAY OF DECEMBER, A.D. 2009, AT 6:22 O`CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID CORPORATION, "REED'S, INC.".

Jeffrey W. Bullock, Secretary of State

3433903 8100H
SR# 20172535608

Authentication: 202382490
Date: 04-17-17

You may verify this certificate online at corp.delaware.gov/authver.shtml

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 01:30 PM 09/07/2001
010444685 – 3433903

CERTIFICATE OF INCORPORATION
OF
REED'S, INC.

ARTICLE I

The name of the corporation is Reed's, Inc. (the "Corporation").

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

The Corporation is authorized to issue one class of shares of stock to be designated Common Stock, $0.0001 par value. The total number of shares that the Corporation is authorized to issue is 50,000,000 shares of Common Stock.

ARTICLE V

The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon the stockholders herein are granted subject to this right.

ARTICLE VI

The Corporation is to have perpetual existence.

ARTICLE VII

1. Limitation of Liability. To the fullest extent permitted by the General Corporation Law of the State of Delaware as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

2. Indemnification. The Corporation may indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that such person or his or her testator or intestate is or was a director, officer or employee of the Corporation, or any predecessor of the Corporation, or serves or served at any other enterprise as a director, officer or employee at the request of the Corporation or any predecessor to the Corporation.

3. Amendments. Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of the Corporation's Certificate of Incorporation inconsistent with this Article VII, shall eliminate or reduce the effect of this Article VII, in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VII, would accrue or arise, prior to such amendment, repeal, or adoption of an inconsistent provision.

ARTICLE VIII

Holders of stock of any class or series of this Corporation shall not be entitled to cumulate their votes for the election of directors or any other matter submitted to a vote of the stockholders.

ARTICLE IX

1. Number of Directors. The number of directors which constitutes the whole Board of Directors of the Corporation shall be designated in the Bylaws of the Corporation. Initially, the number of directors shall be one (1).

2. Election of Directors. Elections of directors shall not be by written ballot unless the Bylaws of the Corporation shall so provide.

3. Designation of Initial Director. The name and address of the initial director of the Corporation is as follows: Christopher J. Reed, 13000 South Spring Street, Los Angeles, California 90061.

ARTICLE X

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter, amend or repeal the Bylaws of the Corporation.

ARTICLE XI

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside of the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

ARTICLE XIII

The name and mailing address of the incorporator are as follows D. L. Petrucci Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The undersigned incorporator hereby acknowledges that the above Certificate of Incorporation of Reed's, Inc. is his act and deed and that the facts stated therein are true.

Dated: September 7, 2001

D. L. Petrucci

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 01:30 PM 10/09/2001
010501420 – 3433903

CERTIFICATE OF OWNERSHIP AND MERGER
MERGING
ORIGINAL BEVERAGE CORPORATION
INTO
REED'S, INC.

* * * * * * *

ORIGINAL BEVERAGE CORPORATION, a corporation organized and existing under the laws of Florida, DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 18th day of January, 1991, pursuant to chapter 607 of the Laws of the State of Florida, the provisions of which permit the merger of a corporation of another state and a corporation organized and existing under the laws of said state.

SECOND: That this corporation owns one hundred percent of the outstanding shares of the stock of Reed's, Inc., a corporation incorporated on the 7th day of September, 2001 pursuant to the General Corporation Law of the State of Delaware.

THIRD: That the directors of Original Beverage Corporation, by the following resolutions of its Board of Directors, duly adopted at a meeting held on the 16th day of August, 2001, determined to merge itself into said Reed's, Inc.:

RESOLVED, that Original Beverage Corporation merge, and it hereby does merge itself into said Reed's, Inc., which assumes all of the obligations of Original Beverage Corporation.

FURTHER RESOLVED, that the merger shall be effective upon filing with the Secretary of State of Delaware.

FURTHER RESOLVED, that the terms and conditions of the merger are as set forth in the Agreement and Plan of Merger dated as of September 7, 2001 which is attached hereto as Exhibit A and incorporated herein by this reference.

FURTHER RESOLVED, that the proposed merger shall be submitted to the stockholders of Original Beverage Corporation at a meeting of such stockholders duly called and held after notice of the purpose thereof mailed to the address of each such stockholder as it appears in the records of the corporation; and upon receiving the affirmative vote of the holders of at least a majority of the outstanding stock entitled to vote thereon of Original Beverage Corporation, the merger shall be approved.

FURTHER RESOLVED, that the proper officer of this corporation be and he or she is hereby directed to make and execute a Certificate of Ownership and Merger setting forth

a copy of the resolutions to merge itself into said Reed's, Inc. and the date of adoption thereof, and to cause the same to be filed with the Secretary of State and to do all acts and things whatsoever, whether within or without the State of Delaware, which may be in anywise necessary or proper to effect said merger.

FOURTH: That the proposed merger has been adopted, approved, certified, executed and acknowledged by Original Beverage Corporation in accordance with the laws of the State of Florida, under which the corporation was organized.

FIFTH: Anything herein or elsewhere to the contrary notwithstanding, this merger may be amended or terminated and abandoned by the Board of Directors of Original Beverage Corporation at any time prior to the time that this merger filed with the Secretary of State becomes effective.

IN WITNESS WHEREOF, said Original Beverage Corporation has caused this Certificate to be signed by Christopher J. Reed, its President, this 4th day of October, 2001.

ORIGINAL BEVERAGE CORPORATION
a Florida corporation

By: _____
Christopher J. Reed, President

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT OF MERGER (the "Agreement"), dated as of September 7, 2001, is entered into by and between Original Beverage Corporation, a Florida corporation ("OBC Florida") and Reed's, Inc., a Delaware corporation ("Newco Delaware").

WITNESSETH:

WHEREAS, OBC Florida is a corporation duly organized and existing under the laws of the State of Florida;

WHEREAS, the respective Boards of Directors of OBC Florida and Newco Delaware have determined that it is advisable and in the best interests of each of such corporations that OBC Florida merge with and into Newco Delaware (the "Merger") upon the terms and subject to the conditions set forth in this Agreement for the purpose of effecting the change of the state of incorporation of OBC Florida from Florida to Delaware;

WHEREAS, the respective Boards of Directors of OBC Florida and Newco Delaware have, by resolutions duty adopted, approved this Agreement, subject to the approval of the shareholders of each of Newco Delaware and OBC Florida; and

WHEREAS, this Agreement is intended as a tax free plan of reorganization within the meaning of Section 368 of the Internal Revenue Code;

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein, OBC Florida and Newco Delaware hereby agree as follows:

1. Merger. OBC Florida shall be merged with and into Newco Delaware and Newco Delaware shall be the surviving corporation (hereinafter sometimes referred to as the "Surviving Corporation"). The Merger shall become effective upon the date and time when this Agreement is made effective in accordance with applicable law (the "Effective Time").

2. Governing Documents; Executive Officers and Directors. The Certificate of Incorporation of Newco Delaware, from and after the Effective Time, shall be the Certificate of Incorporation of the Surviving Corporation without change or amendment until thereafter amended in accordance with the provisions thereof and applicable laws. The Bylaws of Newco Delaware from and after the Effective Time, shall be the Bylaws of the Surviving Corporation without change or amendment until thereafter amended in accordance with the provisions thereof, or the Certificate of Incorporation of the Surviving Corporation and applicable laws. The members of the Board of Directors and committees of the Board of Directors and the officers of OBC Florida immediately prior to the Effective Time shall be the members of the Board of Directors and committees of the Board of Directors and the officers of the Surviving Corporation from and after the Effective Time, until their respective successors have been duty elected and qualify, unless they earlier die, resign or are removed.

3. Succession. At the Effective Time, the separate corporate existence of OBC Florida shall cease, and the Surviving Corporation shall possess all the rights, privileges, powers and franchises of a public and private nature of OBC Florida; and all property, real, personal and mixed, and all debts due to OBC Florida on whatever account, as well as for share subscriptions as all other things in action belonging to OBC Florida, shall be vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and all and every interest shall be thereafter as effectually be the property of the Surviving Corporation as they were of OBC Florida, and the title to any real estate vested by deed or otherwise in OBC Florida shall not revert or be in any way impaired by reason of the Merger; but all rights of creditors and all liens upon any property of OBC Florida shall be preserved unimpaired, and all debts, liabilities and duties of OBC Florida shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it. All corporate acts, plans, policies, agreements, arrangements, approvals and authorizations of OBC Florida, its shareholders, Board of Directors and committees thereof, officers and agents which were valid and effective immediately prior to the Effective Time, shall be taken for all purposes as the acts, plans, policies, agreements, approvals and authorizations of the Surviving Corporation and shall be as effective and binding thereon as the same were with respect to OBC Florida. The employees and agents of OBC Florida shall become the employees and agents of the Surviving Corporation and continue to be entitled to the same rights and benefits which they enjoyed as employees and agents of OBC Florida. The requirements of any plans or agreements of OBC Florida involving the issuance or purchase by OBC Florida of certain shares of its capital stock shall be satisfied by the issuance or purchase of a like number of shares of the Surviving Corporation.

4. Further Assurances. From time to time, as and when required by the Surviving Corporation or by its successors or assigns, there shall be executed and delivered on behalf of OBC Florida such deeds and other instruments, and there shall be taken or caused to be taken by it all such further and other action, as shall be appropriate, advisable or necessary in order to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation the title to and possession of all property, interests, assets, rights, privileges, immunities, powers, franchises and authority of OBC Florida, and otherwise to carry out the purposes of this Agreement, and the officers and directors of the Surviving Corporation are fully authorized in the name and on behalf of OBC Florida or otherwise, to take any and all such action and to execute and deliver any and all such deeds and other instruments.

5. Conversion of Shares. At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof:

(a) each share of the common stock, par value $.0001 per share (the "OBC Florida Common Stock") of OBC Florida outstanding immediately prior to the Effective Time shall be changed and converted into and shall be one fully paid and nonassessable share of common stock, par value $.0001 per share (the "Surviving Corporation Common Stock") of the Surviving Corporation and no fractional shares shall be issued and fractions of half or more shall be rounded to a whole share and fractions of less than half shall be disregarded, such that the issued and outstanding capital stock of the Surviving Corporation resulting from the conversion of the OBC Florida Common Stock upon the Effective Time shall be equal to the number of shares of OBC Florida Common Stock at that time; and

(b) as of the Effective Time, the Surviving Corporation hereby assumes all obligations under any and all employee benefit plans of OBC Florida in effect as of the Effective Time or with respect to which employee rights or accrued benefits are outstanding as of the Effective Time and shall continue the stock option plans, warrants or other rights to purchase, or securities convertible into OBC Florida Common Stock. Each outstanding and unexercised option, warrant or other right to purchase, or security convertible into OBC Florida Common Stock shall become an option, warrant or right to purchase, or a security convertible into the Surviving Corporation Common Stock on the basis of one share of the Surviving Corporation Common Stock for each share of OBC Florida Common Stock issuable pursuant to any such option, warrant or stock purchase right or convertible security, on the same terms and conditions and at an exercise or conversion price per share equal to the exercise or conversion price per share applicable to any such OBC Florida option, warrant, stock purchase right or other convertible security at the Effective Time.

A number of shares of the Surviving Corporation Common Stock shall be reserved for issuance upon the exercise of options, warrants, stock purchase rights and convertible securities equal to the number of shares of OBC Florida Common Stock so reserved immediately prior to the Effective Time.

(c) the shares of Surviving Corporation Common Stock presently issued and outstanding in the name of OBC Florida shall be canceled and retired and resume the status of authorized and unissued shares of Surviving Corporation Common Stock, and no shares of Surviving Corporation Common Stock or other securities of OBC Florida shall be issued in respect thereof.

6. Stock Certificates. As of and after the Effective Time, all of the outstanding certificates which, immediately prior to the Effective Time, represented shares of OBC Florida Common Stock shall be deemed for all purposes to evidence ownership of, and to represent, shares of Surviving Corporation Common Stock into which the shares of OBC Florida Common Stock formerly represented by such certificates, have been converted as herein provided. The registered owner on the books and records of the Surviving Corporation or its transfer agents of any such outstanding stock certificate shall, until such certificate shall have been surrendered for transfer or otherwise accounted for to the Surviving Corporation or its transfer agents, have and be entitled to exercise any voting and other rights with respect to, and to receive any dividends and other distributions upon, the shares of Surviving Corporation Common Stock evidenced by such outstanding certificate as above provided.

7. Shareholder Approval. This Agreement has been approved by OBC Florida under Section 607.1103 of the Florida Business Corporation Act by the shareholders representing in excess of 50% of the issued and outstanding voting securities of OBC Florida. This Agreement has been approved by Newco Delaware under Section 253 of the General Corporation Law of the State of Delaware. The signature of OBC Florida on this Agreement shall constitute its written consent as sole shareholder of Newco Delaware, to this Agreement and the Merger.

8. Amendment. To the full extent permitted by applicable law, this Agreement may be amended, modified or supplemented by written agreement of the parties hereto, either before or

after approval of the shareholders of the constituent corporations and at any time prior to the Effective Time with respect to any of the terms contained herein.

9. Termination. At any time prior to the Effective Time, this Agreement may be terminated and the Merger may be abandoned by the Boards of Directors of OBC Florida or Newco Delaware, notwithstanding approval of this Agreement by the shareholders of Newco Delaware or by the shareholders of OBC Florida, or both, if, in the opinion of either of the Boards of Directors of OBC Florida or Newco Delaware, circumstances arise which in the opinion of such Boards of Directors, make the Merger for any reason inadvisable.

10. Counterparts. In order to facilitate the filing and recording of this Agreement, the same may be executed in two or more counterparts, each of which shall be deemed to be an original and the same agreement.

11. Florida Appointment. Newco Delaware hereby agrees that it may be served with process in the State of Florida in any action or special proceeding for enforcement of any liability or obligation of OBC Florida or Newco Delaware arising from the Merger. Newco Delaware appoints the Secretary of State of the State of Florida as its agent to accept service of process in any such suit or other proceeding and a copy of such process shall be mailed by the Secretary of State of Florida to Newco Delaware at 13000 South Spring Street, Los Angeles, California 90061.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, OBC Florida and Newco Delaware have caused this Agreement to be executed and delivered by their respective duly authorized officers as of the date first above written.

ORIGINAL BEVERAGE CORPORATION
a Florida corporation

By:_____
Christopher J. Reed, President

REED'S, INC.
a Delaware corporation

By:_____
Christopher J. Reed, President

State of Delaware
Secretary of State
Division of Corporations
Delivered 11:00 AM 09/14/2004
FILED 11:00 AM 09/14/2004
SRV 040664079 - 3433903 FILE

CERTIFICATE OF RENEWAL AND REVIVAL
OF
REED'S, INC.

Reed's, Inc., a corporation organized under the laws of the State of Delaware (the "Corporation"), pursuant Section 312 of the General Corporation Law of the State of Delaware (the "GCL"), HEREBY CERTIFIES AS FOLLOWS:

1. The name of the Corporation is Reed's, Inc. The certificate of incorporation of the Corporation was filed in the Office of the Secretary of State of Delaware on September 7, 2001.

2. The Corporation's registered office in the State of Delaware is located at 222 Delaware Avenue, 9th Floor, Wilmington, New Castle County, DE 19801. The Corporation's registered agent at such address is The Delaware Corporation Agency, Inc.

3. This renewal and revival of the charter of the Corporation is to be perpetual and is to commence on February 29, 2004.

4. The Corporation was duly organized and carried on the business authorized by its charter until March 1, 2004, at which time its charter became inoperative and void for non-payment of taxes.

5. This certificate for renewal and revival is filed by authority of the persons who were the directors of the Corporation at the time its charter became void and inoperative or persons who were elected directors in accordance with Section 312(h) of the GCL.

IN TESTIMONY WHEREOF, the undersigned has executed this certificate this 9th day of September, 2004.

REED'S, INC.

By: _____
Name: Christopher Reed
Title: Chief Executive Officer

554826v1

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:57 PM 09/27/2004
FILED 01:46 PM 09/27/2004
SRV 040696649 - 3433903 FILE

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF REED'S, INC.

Reed's, Inc., a corporation organized and existing under the laws of the State of Delaware, does hereby certify as follows:

FIRST: The name of the corporation is Reed's, Inc. (the "Corporation").

SECOND: The date on which the Corporation's original Certificate of Incorporation was filed with the Delaware Secretary of State is September 7, 2001.

THIRD: The Board of Directors of the Corporation, acting in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware adopted resolutions by unanimous written consent effective as of August 26, 2004 to amend Article IV of the Certificate of Incorporate of the Corporation to read in its entirety as follows:

ARTICLE IV

1. This Corporation is authorized to issue 12,000,000 shares of its Capital Stock, which shall be divided into two classes known as Common Stock and Preferred Stock, respectively.

2. The total number of shares of Common Stock which this Corporation is authorized to issue is 11,500,000, with a par value of $.0001 per share. The total number of shares of Preferred Stock which this Corporation is authorized to issue is 500,000, with a par value of $10.00 per share. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of this Corporation is hereby authorized, within the limitations and restrictions prescribed by law or stated in this Certificate of Incorporation, and by filing a certificate pursuant to applicable law of the State of Delaware, to provide for the issuance of Preferred Stock in series and (i) to establish from time to time the number of shares to be included in each such series; (ii) to fix the voting powers, designations, powers, preferences and relative, participating, optional or

other rights of the shares of each such series and the qualifications, limitations or restrictions thereof, including but not limited to, the fixing or alteration of the dividend rights, dividend rate, conversion rights, conversion rate, voting rights, rights and terms of redemptions (including sinking fund provisions), the redemption price of prices, and the liquidation preferences of any wholly unissued series of shares of Preferred Stock; and (iii) to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

FOURTH: Thereafter, pursuant to a resolution of the Board of Directors, this Certificate of Amendment of Certificate of Incorporation was submitted to the stockholders of the Corporation in accordance with Section 228 and 242 of the General Corporate Law of the State of Delaware. The total number of outstanding shares entitled to vote or consent to this Amendment was 4,720,591 shares of Common Stock. A majority of the outstanding shares of Common stock voted in favor of this Certificate of Amendment of Certificate of Incorporation.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Certificate of Incorporation to be signed by its President and Chief Executive Officer this 24th day of September 2004.

REED'S, INC.

By _____
Christopher J. Reed
President and Chief Executive Officer

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF SERIES A PREFERRED STOCK OF REED'S, INC.

Pursuant to Section 151 of the General Corporation Law of the State of Delaware:

WHEREAS, Reed's, Inc., a corporation organized and existing under the laws of the State of Delaware (this "**Corporation**"), does hereby certify that, pursuant to the authority conferred on the Board of Directors of this Corporation by the Certificate of Incorporation, as amended, of this Corporation, in accordance with Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of this Corporation adopted the following resolution establishing a new series of preferred stock of this Corporation.

RESOLVED, that pursuant to the authority conferred on the Board of Directors of this Corporation by Article 4 of the Certificate of Incorporation, as amended, the Board of Directors of this Corporation hereby establishes a series of the authorized preferred stock of this Corporation, $10.00 par value per share, which series will be designated as "**Series A Convertible Preferred Stock**," and which will have the following rights, preferences, privileges and restrictions (capitalized terms not defined herein shall have the meaning given to such terms in the Certificate of Incorporation, as amended, of this Corporation):

1. **Designation and Rank**. An amount of shares of the Preferred Stock shall be designated "Series A Convertible Preferred Stock" (the "Series A Preferred Stock"), par value $10.00 per share and the number of shares constituting such series shall be 50,000. The Series A Preferred Stock will rank the common stock (Junior Securities) of the Corporation with respect to dividend rights and rights upon liquidation, winding up and dissolution.

2. **No Issuance of Additional Shares**. The number of authorized shares of Series A Preferred Stock may be reduced or eliminated by the Board of Directors of this corporation or a duly authorized committee thereof in compliance with the General Corporation Law of the State of Delaware stating that such reduction has been authorized, and the number of authorized shares of Series A Preferred Stock shall not be increased without the consent of the holders of a majority of the outstanding shares of Series A Preferred Stock.

3. **Dividends and Distributions**.

(a) Subject to the terms set forth herein and the rights of the Senior Preferred Stock, the holders of shares of Series A Preferred Stock shall be entitled to receive out of assets legally available for that purpose, an annual non-cumulative dividend equal to 5.0% from the date of issuance of the shares of Series A Preferred Stock.

(b) All dividends or distributions declared upon the Series A Preferred Stock shall be declared pro rata per share.

(c) Any such dividend shall be paid in cash or shares of Common Stock, in the sole and absolute discretion of the Board of Directors. If such dividend is paid in shares of Common Stock, the Board of Directors shall determine the Fair Market Value of the Corporation's Common Stock as of the record date for such dividend (the "Record Date"), as follows:

(1) If traded on a securities exchange or through the NASDAQ National Market, the Fair Market Value of the Corporation's Common Stock shall be deemed to be the average of the closing prices of the securities on such exchange or system over the thirty (30) day period ending three (3) days prior to the Record Date;

(2) If actively traded over-the-counter, the Fair Market Value of the Corporation's Common Stock shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the Record Date; and

(3) If there is no active public market, the Fair Market Value of the Corporation's Common Stock shall be the value determined in good faith by the Board of Directors on the Record Date, which determination shall, absent fraud, be binding upon all holders of shares of Series A Preferred Stock.

(d) The holders of the Series A Preferred Stock shall be entitled to payments of accrued and unpaid dividends upon liquidation of the Corporation as set forth in Section 4 below or the redemption of the Series A Preferred Stock as set forth in Section 5 below, and in each such case shall be entitled to all accrued and unpaid dividends whether or not declared by the Corporation, or as otherwise required under this Section 3.

(e) The corporation shall not declare or pay any dividend on shares of Junior Securities until the holders of the Series A Preferred Stock have received the full non-cumulative dividend accrued thereon pursuant to clause (a).

(f) In computing accrued and unpaid dividends on the Series A Preferred Stock, such dividends shall be computed on a daily basis through the date as of which such dividends are required to be paid by the terms hereof.

(g) The holders of shares of Series A Preferred Stock will be entitled to participate with the holders of Common Stock with respect to any dividend declared on the Common Stock in proportion to the number of shares of Common Stock issuable upon conversion of the shares of Series A Preferred Stock held by them.

4. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of this Corporation, either voluntary or involuntary, subject to the rights of the Senior Preferred Stock and the rights of series of Preferred Stock that may from time to time come into existence in accordance with and subject to the terms hereof, including, without limitation, Section 9(b) hereof, the holders of Series A Preferred Stock shall be entitled to receive after any distribution with respect to Senior Preferred Stock and, prior and in preference to any distribution of any of the assets of this corporation to the holders of any Junior Securities by reason of their ownership thereof, an amount per share (the "Liquidation Preference") equal to the sum of (i) $10.00 for each outstanding share of Series A Preferred Stock (the "Original Series A Issue Price") and (ii) accrued but unpaid dividends on such share (subject to adjustment of such fixed dollar amounts for any stock splits, stock dividends, combinations, recapitalizations or the like).

(b) Upon completion of the distribution required by subsection (a) of this Section 4, all of the remaining assets of this Corporation available for distribution to stockholders shall be distributed among the holders of all Senior Preferred Stock, Series A Preferred Stock and Junior Securities pro rata based on the number of shares of Common Stock held by each (assuming conversion of all such Series A Preferred Stock).

(c) (i) For purposes of this Section 4, a liquidation, dissolution or winding up of this Corporation shall be deemed to be occasioned by, or to include (unless the holders of at least a majority of the Series A Preferred Stock then outstanding shall determine otherwise) a transaction whereby a person or group of persons acting in concert (other than current stockholders) shall:

(A) become (whether by merger, consolidation, or transfer, redemption or issuance of capital stock or otherwise) the beneficial owners (within the meaning of Rule 13d-3 under the Securities and Exchange Act of 1934, as amended) of securities constituting more than fifty percent (50%) of the combined voting power of or the economic equity interests in the then outstanding securities of the Corporation (or any surviving or resulting person); or

(B) acquire assets constituting all or substantially all of the assets of the Corporation and its subsidiaries on a consolidated basis (with (A) and/or (B) constituting a "Change in Control").

(ii) In any of such events, if the consideration received by this Corporation is other than cash, its value will be deemed its fair market value. Any securities shall be valued as follows:

(A) Securities not subject to an investment letter or other similar restrictions on free marketability covered by (B) below:

(1) If traded on a securities exchange or through the NASDAQ National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange or system over the thirty (30) day period ending three (3) days prior to the closing;

(2) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the closing; and

(3) If there is no active public market, the value shall be the fair market value thereof, as mutually determined by this Corporation and the holders of at least a majority of the outstanding shares of Series A Preferred Stock.

(B) The method of valuation of securities subject to an investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A) (1), (2) or (3) to reflect the approximate fair market value thereof, as mutually determined by this Corporation and the holders of at least a majority of the outstanding shares of such Series A Preferred Stock.

(iii) In the event the requirements of this Section 4 are not complied with, this Corporation shall forthwith either:

(A) cause such closing to be postponed until such time as the requirements of this Section 4 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Series A Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 4(c)(iv) hereof.

(iv) This Corporation shall give each holder of record of Series A Preferred Stock written notice of such impending transaction not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe

the material terms and conditions of the impending transaction and the provisions of this Section 4, and this Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after this Corporation has given the first notice provided for herein or sooner than ten (10) days after this corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of Series A Preferred Stock that are entitled to such notice rights or similar notice rights and that represent at least a majority of the outstanding shares of such Series A Preferred Stock.

5. Redemption.

(a) At any time, or from time to time, after June 30, 2007 the Corporation shall have the option, exercisable upon the expiration of the fifteen (15) day period after written notice delivered to the holders of Series A Preferred Stock by US Mail (the "Redemption Date") to the holders of the Series A Preferred Stock, to redeem all or any portion of the Series A Preferred Stock specified in such notice by paying in cash a sum per share equal to the Original Series A Issue Price per share of Series A Preferred Stock (as adjusted for any stock splits, stock dividends, recapitalizations or the like) plus all accrued but unpaid dividends on such share (the "Redemption Price"). Any redemption of Series A Preferred Stock effected pursuant to this subsection 5(a) shall be made on a pro rata basis among the holders of the Series A Preferred Stock in proportion to the number of shares of Series A Preferred Stock proposed to be redeemed from such holders.

(b) At least fifteen (15) but no more than thirty (30) days prior to the Redemption Date, written notice shall be mailed, first class postage prepaid, to each holder of record (at the close of business on the business day next preceding the day on which notice is given) of the Series A Preferred Stock to be redeemed, at the address last shown on the records of this corporation for such holder, notifying such holder of the redemption to be effected on the Redemption Date, specifying the number of shares to be redeemed from such holder, the Redemption Date, the Redemption Price, the place at which payment may be obtained and calling upon such holder to surrender to this Corporation, in the manner and at the place designated, their certificate or certificates representing the shares to be redeemed (the "Redemption Notice"). Except as provided in subsection (5)(c), on or after each Redemption Date, each holder of Series A Preferred Stock to be redeemed on such Redemption Date shall surrender to this Corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Redemption Notice, and thereupon the applicable Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(c) From and after each Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of shares of Series A Preferred

Stock designated for redemption on such Redemption Date in the Redemption Notice as holders of Series A Preferred Stock (except the right to receive the applicable Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of this Corporation or be deemed to be outstanding for any purpose whatsoever. If the funds of this Corporation legally available for redemption of shares of Series A Preferred Stock on a Redemption Date are insufficient to redeem the total number of shares of Series A Preferred Stock to be redeemed on such date, those funds that are legally available will be used to redeem the maximum possible number of such shares ratably among the holders of such shares to be redeemed such that each holder of a share of Series A Preferred Stock receives the same percentage of the applicable Series A Redemption Price. The shares of Series A Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of this Corporation are legally available for the redemption of shares of Series A Preferred Stock, such funds will immediately be used to redeem the balance of the shares that this Corporation has become obliged to redeem on any Redemption Date but that it has not redeemed.

6. Conversion. The holders of the Series A Preferred Stock shall have conversion rights (the "Conversion Rights") as follows:

(a) Right to Convert. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such shares and on or prior to the date such shares are redeemed, at the office of this Corporation or any transfer agent for such stock, into such number of fully paid and non-assessable shares of Common Stock as is determined by multiplying (x) 1 by (y) the conversion rate for the Series A Preferred Stock that is in effect at the time of conversion (the "Conversion Rate"). The Conversion Rate for the Series A Preferred Stock shall be four (4).

(b) Mechanics of Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common Stock, such holder shall surrender the certificate or certificates, duly endorsed, at the office of this Corporation or of any transfer agent for the Series A Preferred Stock, and shall give written notice to this Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. This Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date.

(c) Stock Splits.

(i) In the event this corporation should at any time or from time to time fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock without payment of any consideration by such holder for the additional shares of Common Stock then, as of such record date (or the date of such dividend, distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series A Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding.

(ii) If the number of shares of Common Stock outstanding at any time is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price for the Series A Preferred Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease of the aggregate of shares of Common Stock outstanding.

(d) Recapitalizations. If at any time or from time to time there shall be a recapitalization or reclassification of the Common Stock (or a merger, transfer, consolidation, or exchange in respect of the Corporation's securities which does not constitute a Change in Control, other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 6 or Section 4) provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of the Series A Preferred Stock the number of shares of stock or other securities or property of this Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 6 with respect to the rights of the holders of the Series A Preferred Stock after the recapitalization to the end that the provisions of this Section 6 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(e) No Impairment. This Corporation will not, by amendment of its Certificate of Incorporation or this Certificate of Designations (except in accordance with applicable law), or through any reorganization, recapitalization, 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 to be observed or performed hereunder by this Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

(f) No Fractional Shares and Certificate as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of the Series A Preferred Stock, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Series A Preferred Stock pursuant to this Section 6, this Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. This Corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price for such series of Preferred Stock at the time in effect, and (C) the number of shares of Common Stock and the amount, if any, of other property that at the time would be received upon the conversion of a share of Series A Preferred Stock.

(g) Notices of Record Date. In the event of any taking by this corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, this corporation shall mail to each holder of Series A Preferred Stock, at least twenty (20) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(h) Reservation of Stock Issuable Upon Conversion. This Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, in addition to such other remedies as shall be available to the holders of such Preferred Stock, this Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Certificate of Incorporation.

(i) Notices. Any notice required by the provisions of this Section 6 to be given to the holders of shares of Series A Preferred Stock shall be deemed given if deposited in

the United States mail, postage prepaid, and addressed to each holder of record at their address appearing on the books of this Corporation.

(j) Unconverted Shares. If less than all of the outstanding shares of Series A Preferred Stock are converted pursuant to this Section 6, and such shares are evidenced by a certificate representing shares in excess of the shares being converted and surrendered to this Corporation in accordance with the procedures as the Board of Directors of this Corporation may determine, this Corporation shall execute and deliver to or upon the written order of the holder of such certificate, without charge to the holder, a new certificate evidencing the number of shares of Series A Preferred Stock not converted.

7. **Voting.** Except as provided in this Certificate of Designations or as required by law, the holders of shares of Series A Preferred Stock will have no right to vote on any matters, questions or proceedings of this Corporation including, without limitation, the election of directors.

8. **Reacquired Shares**. Any shares of Series A Preferred Stock, which have been converted or redeemed, will be retired and cancelled promptly after the acquisition thereof. All such shares will upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, or in any other certificate of designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

9. **Protective Provisions**. So long as any shares of Series A Preferred Stock are outstanding, this corporation shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock:

(a) amend the Certificate of Incorporation (as amended) of this corporation or the bylaws of this corporation in any manner (including, without limitation, by means of a merger or consolidation) which adversely affects the rights of the Series A Preferred Stock; or

(b) authorize or issue, or obligate itself to issue, any other equity security having a preference over, or being on a parity with, the Series A Preferred Stock with respect to dividends, liquidation, redemption or voting, including any other security convertible into or exercisable for any equity security other than Senior Preferred Stock shares.

RESOLVED, FURTHER, that the officers of this Corporation be, and each of them hereby is, authorized and empowered on behalf of this Corporation to execute, verify and file a certificate of designations of preferences in accordance with Delaware law.

IN WITNESS WHEREOF, Reed's, Inc. has caused this certificate to be duly executed by its duly authorized officers this 30th day of June, 2004.

REED'S, INC.

By: _____
Christopher J. Reed
Chairman and Chief Executive Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 10:28 PM 11/10/2004
FILED 09:57 PM 11/10/2004
SRV 040813931 - 3433903 FILE

CERTIFICATE OF CORRECTION
TO
CERTIFICATE OF DESIGNATIONS
OF
REED'S, INC.

Reed's, Inc., a Delaware corporation (the "Corporation"), acting pursuant to Section 103(f) of the Delaware General Corporation Law in order to correct a defect in that certain Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock (the "Certificate"), filed on October 12, 2004, hereby certifies as follows:

1. The Corporation filed the Certificate, designating 50,000 shares of $10.00 par value Series A Convertible Preferred Stock.

2. The Certificate is defective because the number "50,000" should have read "75,000" instead, which corrected number represents the total number of shares of Series A Convertible Preferred Stock authorized by the Board of Directors.

3. The defect in the Certificate is hereby corrected by deleting the number "50,000" from the 3rd line (which line begins with the word "value") of numbered paragraph 1 and replacing it with the number "75,000".

4. The Certificate is further defective because certain words were inadvertently omitted from the Certificate when it was prepared.

5. The defect in the Certificate is hereby corrected by deleting the final sentence of numbered paragraph 1 in its entirety and replacing it with the following two sentences:

"The Series A Preferred Stock will rank junior, with respect to dividend rights and rights on liquidation, winding up and dissolution, to other classes or series of preferred stock which may be established by the Board of Directors of the Corporation from time to time and specifically designated as senior to the Series A Preferred Stock (the "Senior Preferred Stock"). The Series A Preferred Stock will rank senior to all other classes of preferred stock of the Corporation not so designated in accordance with the previous sentence and the common stock of the

Corporation (collectively, "Junior Securities"), with respect to dividend rights and rights upon liquidation, winding up and dissolution."

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Correction as of the 10 day of November, 2004.

REED'S, INC.

By: _____
Name: Christopher J. Reed
Title: CEO

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:35 PM 12/18/2007
FILED 06:29 PM 12/18/2007
SRV 071338589 - 3433903 FILE

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF INCORPORATION

OF

REED'S, INC.

Reed's Inc., a Delaware corporation (the "Corporation"), hereby certifies that the following Certificate of Amendment to the Certificate of Incorporation (the "Amendment") of the Corporation has been duly adopted by its Board of Directors and stockholders, in accordance with the Delaware General Corporation Law (the "DGCL"), as set forth below:

1. The Amendment was duly adopted by the Board of Directors of the Corporation at a meeting of the Board of Directors on October 8, 2007, setting forth the then proposed Amendment, declaring the advisability thereof, and calling for a meeting of the stockholders of the Corporation for consideration thereof, as set forth below.

2. Thereafter, at the annual meeting of stockholders of the Corporation duly called and held on November 19, 2007, the stockholders of record of the issued and outstanding capital stock of the Corporation at such meeting adopted the proposed Amendment by the vote of in excess of 50% of the issued and outstanding shares of each class of the Corporation's capital stock entitled to vote thereon. The number of shares voted for the Amendment was sufficient for approval.

3. The Amendment was duly adopted in accordance with the provisions of Section 242 of the DGCL.

4. The resolution by which the Corporation's directors and stockholders adopted the Amendment, as set forth above, provides that ARTICLE IV of the Corporation's Certificate of Incorporation, as amended to date, be amended to provide in its entirety as follows:

ARTICLE IV

1. This Corporation is authorized to issue 20,000,000 shares of its Capital Stock, which shall be divided into two classes known as Common Stock and Preferred Stock, respectively.

2. The total number of shares of Common Stock which this Corporation is authorized to issue is 19,500,000, with a par value of $.0001 per share. The total number of shares of Preferred Stock which this Corporation is authorized to issue is 500,000, with a par value of $10.00 per share. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of this Corporation is hereby authorized, within the limitations and restrictions prescribed by law or stated in this Certificate of Incorporation, and by filing a certificate pursuant to applicable law of the State of Delaware, to provide for the

issuance of Preferred Stock in series and (i) to establish from time to time the number of shares to be included in each such series; (ii) to fix the voting powers, designations, powers, preferences and relative, participating, optional or other rights of the shares of each such series and the qualifications, limitations or restrictions thereof, including but not limited to, the fixing or alteration of the dividend rights, dividend rate, conversion rights, conversion rate, voting rights, rights and terms of redemptions (including sinking fund provisions), the redemption price of prices, and the liquidation preferences of any wholly unissued series of shares of Preferred Stock; and (iii) to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by its President and Chief Executive Officer as of December 3, 2007.

REED'S, INC.

By: _____
Name: Christopher J. Reed
Title: President and Chief Executive Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 10:56 AM 04/29/2009
FILED 10:54 AM 04/29/2009
SRV 090408101 - 3433903 FILE

REED'S, INC.

CERTIFICATE OF DESIGNATION
OF
SERIES B CONVERTIBLE PREFERRED STOCK

(Pursuant to Section 151 of the Delaware General Corporation Law)

Reed's, Inc., a Delaware corporation (the "***Corporation***"), hereby certifies that, pursuant to authority vested in the Board of Directors of the Corporation (the "***Board of Directors***") by Article Fourth of the Corporation's Certificate of Incorporation (the "***Certificate of Incorporation***") and pursuant to the provisions of Section 151 of the Delaware General Corporation Law, the following resolution was duly adopted by the Board of Directors on April 23, 2009:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors in accordance with the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of Preferred Stock to be designated as Series B Convertible Preferred Stock, and hereby designates the number of shares, and fixes the relative rights, powers and preferences thereof, and the limitations or restrictions thereof (in addition to any provisions set forth in the Certificate of Incorporation that are applicable to the Preferred Stock of all classes and series), as follows:

SERIES B CONVERTIBLE PREFERRED STOCK

A total of one hundred and fifty thousand (150,000) shares of the authorized and unissued Preferred Stock of the Corporation, $10.00 stated value per share, are hereby designated "Series B Convertible Preferred Stock" (the "***Series B Convertible Preferred Stock***") with such series having the following rights, preferences, powers, privileges and restrictions, qualifications and limitations:

1. Rank. The Series B Convertible Preferred Stock shall rank (a) senior, in all matters, to (i) any class of common stock of the Corporation, including, without limitation, the Corporation's common stock, $0.0001 par value per share (the "***Common Stock***"), and any other class or series of capital stock into which the Common Stock is reclassified or reconstituted, (ii) any other class or series of capital stock of the Corporation either specifically ranking by its terms junior to the Series B Convertible Preferred Stock or not specifically ranking by its terms senior to or on parity with the Series B Convertible Preferred Stock, and (iii) any class or series of capital stock of the Corporation into which the capital stock referred to in the preceding subclauses (i) and (ii) is reclassified or reconstituted (the capital stock referred to in this clause (a) is hereinafter referred to as the "***Junior Stock***"); (b) on parity with any class or series of capital stock of the Corporation specifically ranking by its terms on parity, in all matters expressly provided, with the Series B Convertible Preferred Stock ("***Parity Stock***"); and (c) junior, in all matters expressly provided, to the Corporation's class of Preferred Stock designated as Series A Convertible Preferred stock and any class or series of capital stock of the Corporation specifically ranking by its terms senior to the Series B Convertible Preferred Stock ("***Senior Stock***").

2. Dividends.

(a) Subject to the prior payment in full of any dividends to which any Senior Stock is entitled pursuant to the Certificate of Incorporation, as then amended to date, the holders of the Series B Convertible Preferred Stock (each, a "***Series B Holder***") shall be entitled to receive, out of funds legally available therefor, dividends (the "***Series B Dividends***"), which shall be cumulative and non-compounding and accrue on a daily basis from the date on which a particular share of Series B Convertible Preferred Stock is issued, at an annual rate equal to eight percent (8%) of the Original Purchase Price (the "***Series B Dividend Rate,***" subject to increase as provided below), payable as provided in Section 2(b) hereof. As used herein, "***Original Purchase Price***" means ten dollars ($10.00).

(b) Series B Dividends payable pursuant to Section 2(a) hereof shall be payable only when, as and if declared by the Board of Directors, quarterly in arrears on March 31, June 30, September 30, and December 31 of each year (unless such day is not a business day, in which event such Series B Dividends shall be payable on the next succeeding business day) (each such payment date being a "***Series B Dividend Payment Date***"). The amount of Series B Dividends payable on the Series B Convertible Preferred Stock for any period shorter than a full calendar quarter shall be computed on the basis of a 360-day year of twelve 30-day months. As used herein, "***Original Purchase Date***" means April 23, 2009.

(d) So long as any shares of Series B Convertible Preferred Stock are outstanding, the Corporation shall not pay or declare any dividend, whether in cash or property, or make any other distribution on any Junior Stock, or purchase, redeem or otherwise acquire for value any shares of Junior Stock until all Series B Dividends as set forth in Section 2(a) shall have been paid or declared and set apart.

(e) Any Series B Dividend shall be paid in cash or shares of Common Stock, in the sole and absolute discretion of the Board of Directors. If such dividend is paid in shares of Common Stock, the Common Stock will be valued at Fair Market Value (defined herein).

3. Liquidation.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or a Triggering Event (as defined herein) (each referred to herein as a "***Liquidation Event***"), after payment or provision for payment of debts and other liabilities of the Corporation and all amounts due and owing to the holders of outstanding shares of Senior Stock, if any, each holder of Series B Convertible Preferred Stock, before any distribution or payment is made upon any Junior Stock, shall be entitled to receive, out of the assets of the Corporation legally available for distribution to stockholders (the "***Available Assets***"), an amount equal to each holder's Liquidation Preference. The "***Liquidation Preference***" payable with respect to each share of Series B Convertible Preferred Stock shall be equal to the greater of (i) the sum of (A) the Original Purchase Price of such share of Series B Convertible Preferred Stock, plus (B) an amount equal to any unpaid and accrued dividends thereon up to and including the date of the Liquidation and (ii) if such share of Series B Convertible Preferred Stock were then convertible into Common Stock, such amount which the holder of Series B Convertible Preferred Stock would be entitled to receive in connection with the Liquidation Event if such holder had converted his, her or its Series B Convertible Preferred Stock immediately prior to the occurrence of the Liquidation Event. Shares of Series B Convertible Preferred Stock shall (i) not be entitled to any distributions in the event of a Liquidation Event other than a distribution in an amount

equal to the Liquidation Preference, and (ii) be deemed cancelled upon full distribution of such Liquidation Preference.

(b) If the Available Assets shall be insufficient to permit full payment of the Liquidation Preference upon a Liquidation Event to all holders of Series B Convertible Preferred Stock, as well as all payments then due or due by reason of such Liquidation Event on any Parity Stock, then the holders of Series B Convertible Preferred Stock and holders of such Parity Stock shall share ratably in any such distribution of the Corporation's assets in proportion to the full respective distributable amounts to which they are entitled.

(c) Written notice of a Liquidation Event, stating a payment date, the amount of the Liquidation Preference and the place where said sums shall be payable, shall be given by mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the payment date stated therein, to all holders of Series B Convertible Preferred Stock of record, such notice to be addressed to each such stockholder at such holder's post office address as shown by the records of the Corporation.

(d) Whenever the distribution provided for in this Section 3 shall be payable in property other than cash, the value of such property shall be the Fair Market Value.

(e) As used herein, the following terms shall have the following meanings:

(i) "***Triggering Event***" means (a) a sale of all or substantially all of the assets of the Corporation to any Person, (b) any transaction or series of transactions by which any Person or group (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner (as so defined), directly or indirectly, of shares representing more than fifty percent (50%) of the aggregate voting power of the Corporation. or (c) a merger, consolidation, reorganization, recapitalization or other transaction or series of related transactions (a "***Recapitalization***") in which the stockholders of the Corporation owning a majority of the voting stock of the Corporation with the right to elect a majority of the Board of Directors in the aggregate immediately prior to such Recapitalization do not own a majority of such voting stock or voting power of the surviving, successor or continuing entity following such Recapitalization.

(ii) "***Person***" means an 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.

(iii) "***Affiliate***" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Corporation, shall include any Person beneficially owning or holding, directly or indirectly, ten percent (10%) or more of any class of voting or equity interests of the Corporation or any subsidiary or any corporation of which the Corporation and its subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, ten percent (10%) or more of any class of voting or equity interests. As used in this definition, "***Control***" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(iv) "***Fair Market Value***" shall mean the following: (i) with respect to equity securities, (A) in the event such equity securities are publicly traded, the average of the closing prices for such equity securities during the four (4) calendar weeks immediately preceding the

date of consummation of the event requiring a determination of Fair Market Value (the "***Determination Date***") on the principal national securities exchange on which such equity securities are listed or admitted to trading or, if such equity securities are not listed or admitted to trading on any national securities exchange, but are traded in the over-the-counter market, the closing sale price of such equity securities or, if no sale is publicly reported, the average of the closing bid and asked quotations for such equity securities, as reported by the electronic over-the-counter quotation system of the Financial Industry Regulatory Authority ("***FINRA***"), the OTC Bulletin Board (the "***OTCBB***"), or any comparable system or, if such equity securities are not quoted on OTCBB or a comparable system, the closing sale price of the Common Stock or, if no sale is publicly reported, the average of the closing bid and asked prices, as furnished by two members of FINRA which make a market in such equity securities selected from time to time by the Corporation for that purpose, or (B) in the event such equity securities are not publicly traded, the fair market value of such equity securities shall be determined by the affirmative vote of a majority of the members of the Board of Directors or, if the requisite approval of the Board of Directors cannot be obtained, by a nationally recognized independent appraiser or investment bank selected, in good faith, by a majority of the members of the Board of Directors; *provided, however*, in no event shall there be a reduction in the fair market value of such equity securities based upon a "minority" or similar discount or based upon the fact that there does not exist any public trading market for such equity securities; (ii) with respect to debt securities, the present value of such debt securities utilizing an interest rate equal to the prime rate on the Determination Date, as published in The Wall Street Journal, Eastern Edition, on such Determination Date; or (iii) with respect to any other property, the fair market value of such property, as determined (A) by the affirmative vote of a majority of the members of the Board of Directors or (B) if the requisite approval of the Board of Directors referred to in the preceding clause (A) cannot be obtained, by a nationally recognized independent appraiser selected, in good faith, by a majority of the members of the Board of Directors.

4. Voting Rights.

(a) The holders of the issued and outstanding Series B Convertible Preferred Stock shall have no voting rights except as required by law or as provided in Section 4(b).

(b) At any time when shares of Series B Convertible Preferred Stock are outstanding, in addition to any other vote required by law or the Certificate of Incorporation, without the written consent or affirmative vote of holders representing at least a majority of the shares of Series B Convertible Preferred Stock then outstanding, the Corporation shall not issue or authorize the issuance of any Senior Stock or Parity Stock.

(c) Any action which by law requires the affirmative vote or consent of the holders of Series B Convertible Preferred Stock shall require the consent of holders representing at least a majority of the shares of Series B Convertible Preferred Stock then outstanding.

5. Conversion.

(a) Optional Conversion. The holders of Series B convertible Preferred Stock shall have the following conversion rights (each shall be referred to herein as an "***Optional Conversion***"):

(i) At any time after the Original Purchase Date the shares of Series B Convertible Preferred Stock shall be convertible at any time and from time to time, in whole or in part (but not in fractions of a share), at the option of the holder thereof, until any Redemption

Date, into such number of fully paid and nonassessable shares of Common Stock as is determined by multiplying the number of shares to be converted with the Conversion Rate.

(ii) The "***Conversion Rate***" shall be the Original Purchase Price divided by the Conversion Price at the time in effect for a share of such Series B Convertible Preferred Stock. The "***Conversion Price***" per share of Series B Convertible Preferred Stock initially shall be equal to two dollars ($2.00), subject to adjustment from time to time as provided below.

(iii) As used herein, "***Acquisition Event***" means (A) the execution of a definitive agreement with a Person that is (1) the beneficial owner of at least a majority of the then outstanding shares of Series B Convertible Preferred Stock, or (2) an Affiliate of (1), providing for a transaction which would constitute a Triggering Event or (B) the public commencement by a Person that is not (1) the beneficial owner of at least a majority of the then outstanding shares of Series B Convertible Preferred Stock, or (3) an Affiliate of (1), of an exchange or tender offer to acquire all of the Common Stock.

(b) Mandatory Conversion. At any time after the Original Purchase Date, if the closing price of the Common Stock as reported by the principal exchange or quotation system on which such Common Stock is traded or reported equals or exceeds three dollars ($3.00) per share of Common Stock of the then current Conversion Price for ten (10) consecutive trading days, then the Corporation shall have the right to cause all (but not less than all) outstanding shares of Series B Convertible Preferred Stock to be automatically converted into shares of Common Stock (such conversion being referred to herein as a "***Mandatory Conversion***" and the date on which such Mandatory Conversion becomes effective as the "***Mandatory Conversion Date***").

(c) Conversion of the Series B Convertible Preferred Stock may be effected by any holder thereof upon the surrender to the transfer agent for the Series B Convertible Preferred Stock, or at such other office or offices, if any, as the Board of Directors may designate, of the certificate for such shares of the Series B Convertible Preferred Stock to be converted accompanied (if the name(s) in which such certificate are to be registered differ from the name(s) in which the certificate formerly representing shares of Series B Convertible Preferred Stock had been registered prior to conversion) by a written notice stating the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued and, if an Optional Conversion, stating that such holder elects to convert all or a specified whole number of such shares. In case such notice shall specify a name or names other than that of such holder, such notice shall be accompanied by a payment of all transfer taxes payable upon the issuance of shares of Common Stock in such name or names. As promptly as practicable, and in any event within five business days after the surrender of such certificate or certificates and the receipt of such notice relating thereto and, if applicable, payment of all transfer taxes (or the demonstration to the satisfaction of the Corporation that such taxes have been paid), the Corporation shall deliver or cause to be delivered (i) certificates representing the number of validly issued, fully paid and nonassessable full shares of Common Stock to which the holder of shares of the Series B Convertible Preferred Stock being converted shall be entitled and (ii) if less than the full number of shares of the Series B Convertible Preferred Stock evidenced by the surrendered certificate or certificates being converted, a new certificate or certificates, of like tenor, for the number of shares evidenced by such surrendered certificate or certificates less the number of shares being converted.

(d) In the event of any Optional Conversion, such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate or certificates for the shares of Series B Convertible Preferred Stock to be converted and the giving of the notice relating thereto, and the Person or Persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. In the event of a Mandatory Conversion, such conversion shall be deemed to have been made on the Mandatory Conversion Date, and the Person or Persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Mandatory Conversion Date. On the date on which a conversion is deemed pursuant to this Section 5(d) to have been made, the rights of the holder of the shares of the Series B Convertible Preferred Stock deemed to have been converted as to the shares being converted shall cease except for the right to receive shares of Common Stock in accordance herewith and the corresponding rights of a holder of Common Stock thereupon created.

(e) In connection with the conversion of any shares of the Series B Convertible Preferred Stock, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the then effective Conversion Price. If more than one share of the Series B Convertible Preferred Stock shall be surrendered for conversion by the same holder at the same time, the number of full shares of Common Stock issuable on conversion thereof shall be computed on the basis of the total number of shares of the Series B Convertible Preferred Stock so surrendered.

(f) The Corporation shall at all times reserve, and keep available for issuance upon the conversion of the Series B Convertible Preferred Stock, such number of its authorized but unissued shares of Common Stock as will from time to time be sufficient to permit the conversion of all outstanding shares of the Series B Convertible Preferred Stock, and shall take all action required to increase the authorized number of shares of Common Stock if necessary to permit the conversion of all outstanding shares of the Series B Convertible Preferred Stock.

(g) The Conversion Price shall be subject to adjustment from time to time as follows:

(i) *Adjustments for Subdivisions or Combinations of Common Stock.* In the event the outstanding shares of Common Stock shall be subdivided by stock split, stock dividend or otherwise, into a greater number of shares of Common Stock, the Conversion Price of the Series B Convertible Preferred Stock then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Common Stock shall be combined or consolidated into a lesser number of shares of Common Stock, the Conversion Price of the Series B Convertible Preferred Stock then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(ii) *Adjustments for Non-Cash Dividends and Other Distributions.* In the event the Corporation makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, any distribution (excluding repurchases of securities by the corporation not made on a pro rata basis) payable in property or in securities of the Corporation other than shares of Common Stock, then and in each such event the holders of Series B Convertible Preferred Stock shall receive, at the time of such distribution, the amount of property or the number of securities of the Corporation that they would have received had their Series B Convertible Preferred Stock been converted into Common Stock on the date of such event.

(iii) *Adjustments for Reorganizations, Reclassifications or Similar Events.* If the Common Stock shall be changed into the same or a different number of shares of any other class or classes of stock or other securities or property, whether by capital reorganization, reclassification or otherwise, then each share of Series B Convertible Preferred Stock shall thereafter be convertible into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such shares of Series B Convertible Preferred Stock shall have been entitled upon such reorganization, reclassification or other event.

(iv) *Shares Owned by Corporation.* For purposes of this Section 5(g), the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation.

(v) *Certificate of Independent Accountant.* The certificate of any firm of independent public accountants of recognized national standing selected by the Board of Directors of the Corporation (which may be the firm of independent public accountants regularly employed by the Corporation) shall be presumptively correct for any computation made under this Section 5(g).

(vi) *No Adjustments for Abandoning Dividend Distributions.* If the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, and shall thereafter and before the distribution to stockholders thereof legally abandon its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the Conversion Price or the number of shares of Common Stock issuable upon exercise of the right of conversion granted by this Section 5(g) shall be required by reason of the taking of such record.

(vii) *No Adjustments for Mergers, Reorganizations, Acquisitions or Similar Events.* There shall be no adjustment of the Conversion Price in case of the issuance of any stock of the Corporation to the security holders of any other corporation in a merger, reorganization, acquisition or other similar transaction except as set forth in this Section 5(g).

(h) In case of any capital reorganization or reclassification of outstanding shares of Common Stock (other than a reclassification covered by Section 5(g)(iii)), or in the case of a share exchange of Common Stock for securities of another corporation, or in case of any consolidation or merger of the Corporation with or into another corporation, or in case of any sale or conveyance to another corporation of the property of the Corporation as an entirety or substantially as an entirety (each of the foregoing being referred to as a "***Transaction***"), each share of the Series B Convertible Preferred Stock then owned by such holder shall thereafter be convertible into, in lieu of the Common Stock issuable upon such conversion prior to consummation of such Transaction, the kind and amount of shares of stock and other securities and property receivable (including cash) upon the consummation of such Transaction by a holder of that number of shares of Common Stock into which one share of the Series B Convertible Preferred Stock was convertible immediately prior to such Transaction (including, on a pro rata basis, the cash, securities or property received by holders of Common Stock in any tender or exchange offer that is a step in such Transaction).

(i) Upon any adjustment of the Conversion Price then in effect, the Corporation, at its expense, shall, upon the written request of any holder of Series B Convertible Preferred Stock, promptly compute such adjustment in accordance with the terms hereof and furnish to each

holder of Series B Convertible Preferred Stock a certificate setting forth such adjustment and showing in reasonable detail the facts upon which such adjustment is based.

(j) Upon any conversion of Series B Convertible Preferred Stock pursuant to this Section 5, the holder of such shares being converted shall receive any unpaid and accrued dividends on such shares being converted.

6. Redemption.

(a) At any time after the second anniversary of the Original Purchase Date, all, but not less than all, the shares of Series B Convertible Preferred Stock outstanding may be redeemed by the Corporation (a "***Mandatory Redemption***") at its sole discretion, at a price equal to the greater of (i) one hundred ten percent (110%) of the Original Purchase Price, plus an amount equal to any unpaid and accrued dividends and (ii) the Fair Market Value of such number of shares of Common Stock which the holder of the redeemed Series B Convertible Preferred Stock would be entitled to receive had the redeemed Series B Convertible Preferred Stock been converted immediately prior to the redemption. The right of the Corporation to redeem the Series B Convertible Preferred Stock provided under this Section 6(a), shall cease upon the occurrence of an Acquisition Event.

(b) Redemption Notice. Upon the determination by the Corporation to effectuate a Mandatory Redemption or a Partial Redemption, written notice of such redemption (the "***Redemption Notice***") shall be mailed, postage prepaid, to each holder of record of Series B Convertible Preferred Stock, at its post office address last shown on the records of the Corporation, not less than five (5) business days prior to the date such redemption is to occur (the "***Redemption Date***"). Each Redemption Notice shall state:

(i) the number of shares of Series B Convertible Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date;

(ii) the Redemption Date and the price the Corporation shall pay to the holders of Series B Convertible Preferred Stock upon such redemption as determined pursuant to Section 6(a), as applicable (the "***Redemption Price***"); and

(iii) that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series B Convertible Preferred Stock to be redeemed.

(c) Redemption Mechanics. On any Redemption Date, the Corporation shall redeem such number of shares of Series B Convertible Preferred Stock set forth in the Redemption Notice. If on any Redemption Date the Corporation does not have sufficient funds legally available to redeem such number of shares of Series B Convertible Preferred Stock set forth in the Redemption Notice, the Corporation shall redeem a pro rata portion of each Series B Convertible Preferred Stock holder's redeemable shares out of funds legally available therefor, based on the respective amounts which would otherwise be payable in respect of such shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor. The Corporation may delay or cancel any redemption by providing notice of such delay or cancellation to each holder of Series B Convertible Preferred Stock that received a Redemption Notice in connection with such redemption as promptly as practicable following the determination by the Corporation to delay or cancel such redemption.

(d) Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Series B Convertible Preferred Stock to be redeemed on such Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 5, shall surrender the certificate or certificates representing such shares to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired. In the event less than all of the shares of Series B Convertible Preferred Stock represented by a certificate are redeemed, a new certificate representing the unredeemed shares of Series B Convertible Preferred Stock shall promptly be issued to such holder.

(e) Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Series B Convertible Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor, then notwithstanding that the certificates evidencing any of the shares of Series B Convertible Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Series B Convertible Preferred Stock shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificate or certificates therefor.

7. Payment of Taxes. The Corporation shall pay all documentary, stamp, transfer and other taxes (other than taxes on income of the holders of shares of Series B Convertible Preferred Stock) and other governmental charges attributable to the issuance, delivery, conversion or redemption of shares of Series B Convertible Preferred Stock; *provided, however*, that the Corporation shall not be required to pay any taxes payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the shares of Series B Convertible Preferred Stock in respect of which such shares are being issued.

8. Exclusion of Other Rights. Except as may otherwise be required by law, the shares of Series B Convertible Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth herein. The shares of Series B Convertible Preferred Stock shall have no preemptive or subscription rights.

9. Severability. If any right, preference or limitation of the Series B Convertible Preferred Stock set forth herein is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations set forth herein which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

10. Status of Reacquired Shares. Shares of Series B Convertible Preferred Stock that have been issued and reacquired in any manner shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of Preferred Stock issuable in series undesignated as to series and may be redesignated and reissued.

11. Waivers. The holders of Series B Convertible Preferred Stock shall also be entitled to, and shall not be deemed to have waived, any other applicable rights granted to such holders under the Delaware General Corporation Law. Any of the rights of the holders of Series B Convertible Preferred Stock set forth herein may be waived by the affirmative consent or vote of the holders of at least a majority of the then outstanding shares of Series B Convertible Preferred Stock, subject to applicable law.

12. Registration of Series B Convertible Preferred Stock. The Corporation shall register shares of the Series B Convertible Preferred Stock, upon records to be maintained by the Corporation for that purpose (the "***Series B Convertible Preferred Stock Register***"), in the name of the record holders thereof from time to time. The Corporation may deem and treat the registered holder of shares of Series B Convertible Preferred Stock as the absolute owner thereof for the purpose of any distribution to such holder, and for all other purposes, absent actual notice to the contrary.

13. Registration of Transfers. The Corporation shall register the transfer of any shares of Series B Convertible Preferred Stock in the Series B Convertible Preferred Stock Register, upon surrender of certificates evidencing such Shares to the Corporation at its address specified herein. Upon any such registration or transfer, a new certificate evidencing the shares of Series B Convertible Preferred Stock so transferred shall be issued to the transferee and a new certificate evidencing the remaining portion of the shares not so transferred, if any, shall be issued to the transferring holder.

14. Replacement Certificates. If any certificate evidencing Series B Convertible Preferred Stock is mutilated, lost, stolen or destroyed, the Corporation shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for such certificate, a new certificate, but only upon receipt of an affidavit of loss and indemnity agreement reasonably satisfactory to the Corporation evidencing such loss, theft or destruction and customary and reasonable indemnity, if requested. Applicants for a new certificate under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Corporation may prescribe.

15. Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock , solely for the purposes of effecting the conversion of the shares of Series B Convertible Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series B Convertible Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Series B Convertible Preferred Stock, in addition to such other remedies as shall be available to the holders of such Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation.

This Certificate shall become effective upon the filing thereof with the Secretary of State of the State of Delaware.

* * *

The Corporation has caused this Certificate to be duly executed and acknowledged by its undersigned duly authorized officer this 28th day of April, 2009.

REED'S, INC.

By: _____
Name: Christopher J. Reed
Title: President & Chief Executive Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:12 PM 11/16/2009
FILED 02:10 PM 11/16/2009
SRV 091020900 - 3433903 FILE

AMENDED CERTIFICATE OF DESIGNATION

(Pursuant to Section 151 of the Delaware General Corporation Law)

The undersigned, Christopher J. Reed and Judy Holloway Reed, certify that:

ONE. They are the duly elected Chief Executive Officer and Secretary, respectively, of the Reed's, Inc., a Delaware corporation (the "***Corporation***").

TWO. The Certificate of Incorporation of this Corporation provides for a class of its authorized shares known as Preferred Stock comprised of 500,000 shares issuable from time to time in one or more series, of which 47,121 shares designated as Series A Convertible Preferred Stock are currently outstanding and no shares designated as Series B Convertible Preferred Stock are currently outstanding.

THREE. Pursuant to and in accordance with the provisions of Section 151 of the Delaware General Corporation Law and the Certificate of Incorporation of this Corporation ("***Certificate of Incorporation***"), the Board of Directors has duly authorized and adopted a resolution increasing the number of shares of authorized and unissued Preferred Stock of the Corporation designated as Series B Convertible Preferred Stock to a total of four hundred thousand (400,000) shares, an increase of two hundred fifty thousand (250,000) shares from the one hundred and fifty thousand (150,000) shares previously designated in the Certificate of Designation filed April 29, 2009.

FOUR. The Board of Directors of the Corporation ("***Board of Directors***") has duly authorized and adopted the following recitals and resolutions on November 4, 2009:

WHEREAS, the Board of Directors of this corporation is authorized to fix the number of shares of any series of Preferred Stock and to determine the designation of any such series and the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock; and

WHEREAS, the Board of Directors has previously fixed and determined the designation of, the number of shares constituting, and the rights, preferences, privileges and restrictions relating to a Series B Convertible Preferred Stock, pursuant to a Certificate of Designation as filed with the Delaware Secretary of State on April 29, 2009; and

WHEREAS, the Board of Directors wishes to amend and restate the Certificate of Designation filed April 29, 2009 in its entirety.

WHEREAS, the Board of Directors wishes to increase the number of shares of authorized and unissued Preferred Stock of the Corporation designated as Series B Convertible Preferred Stock to a total of four hundred thousand (400,000) shares, an increase from one hundred and fifty thousand (150,000), as was previously designated in the Certificate of Designation filed April 29, 2009.

RESOLVED, a total of four hundred thousand (400,000) shares of the authorized and unissued Preferred Stock of the Corporation shall be designated as Series B Convertible Preferred Stock.

RESOLVED FURTHER, that the Board of Directors hereby amends and restates the Certificate of Designation filed April 29, 2009 in its entirety and designates the number of shares, and fixes the relative rights, powers and preferences thereof, and the limitations or restrictions of the Series B Convertible Preferred Stock (in addition to any provisions set forth in the Certificate of Incorporation that are applicable to the Preferred Stock of all classes and series), as follows:

SERIES B CONVERTIBLE PREFERRED STOCK

A total of four hundred thousand (400,000) shares of the authorized and unissued Preferred Stock of the Corporation, $10.00 stated value per share, are hereby designated "Series B Convertible Preferred Stock" (the "***Series B Preferred***") with such series having the following rights, preferences, powers, privileges and restrictions, qualifications and limitations:

1. Rank. The Series B Preferred shall rank (a) senior, in all matters, to (i) any class of common stock of the Corporation, including, without limitation, the Corporation's common stock, $0.0001 par value per share (the "***Common Stock***"), and any other class or series of capital stock into which the Common Stock is reclassified or reconstituted, (ii) any other class or series of capital stock of the Corporation either specifically ranking by its terms junior to the Series B Preferred or not specifically ranking by its terms senior to or on parity with the Series B Preferred, and (iii) any class or series of capital stock of the Corporation into which the capital stock referred to in the preceding subclauses (i) and (ii) is reclassified or reconstituted (the capital stock referred to in this clause (a) is hereinafter referred to as the "***Junior Stock***"); (b) on parity with any class or series of capital stock of the Corporation specifically ranking by its terms on parity, in all matters expressly provided, with the Series B Preferred ("***Parity Stock***"); and (c) junior, in all matters expressly provided, to the Corporation's class of Preferred Stock designated as Series A Convertible Preferred stock and any class or series of capital stock of the Corporation specifically ranking by its terms senior to the Series B Preferred ("***Senior Stock***").

2. Dividends.

(a) Subject to the prior payment in full of any dividends to which any Senior Stock is entitled pursuant to the Certificate of Incorporation, as then amended to date, for a period of three (3) years from the date of issuance of the Series B Preferred, the holders of the Series B Preferred (each, a "***Series B Holder***") shall be entitled to receive, out of funds legally available therefor, dividends (the "***Series B Dividends***"), which shall be cumulative and non-compounding and accrue on a daily basis from the date on which a particular share of Series B Preferred is issued, at an annual rate equal to five percent (5%) of the Original Purchase Price (the "***Series B Dividend Rate,***" subject to increase as provided below), payable as provided in Section 2(b) hereof. As used herein, "***Original Purchase Price***" means ten dollars ($10.00).

(b) Series B Dividends payable pursuant to Section 2(a) hereof shall be payable in quarterly dividends equal to 1.25% of such Liquidation Value (defined below) on each of September 30, December 31, March 31 and June 30 of each year (the "***Series B Dividend Payment Date***"), for a

period of 36 months from the date of issuance of the Series B Preferred Convertible Preferred Stock. Such dividends shall be payable, on each Series B Dividend Payment Date, in additional shares of Series B Preferred Convertible Preferred Stock ("***PIK Dividends***"), or, in the sole discretion of the Board of Directors, in cash or Common Stock and such dividends shall be cumulative and shall accrue whether or not declared, earned or payable from and after the date of issue of the Series B Preferred. The shares of Series B Preferred distributed as a PIK Dividend shall be deemed to be issued and outstanding from and after such Series B Dividend Payment Date, and the amount of shares issued as a PIK Dividend shall have an aggregate Liquidation Value, at the Series B Dividend Payment Date equal to the value of the dividend accrued and payable. The initial "***Liquidation Value***" of each share of Series B Preferred will be $10.00 per share, and thereafter, there will be added to the Liquidation Value of each share of Series B Preferred, as of any Series B Dividend Payment Date, the amount of any dividends payable on such share on that Series B Dividend Payment Date but not paid on that Series B Dividend Payment Date, whether or not such dividends are declared, earned or payable. The amount of Series B Dividends payable on the Series B Preferred for any period shorter than a full calendar quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

(c) So long as any shares of Series B Preferred are outstanding, the Corporation shall not pay or declare any dividend, whether in cash or property, or make any other distribution on any Junior Stock, or purchase, redeem or otherwise acquire for value any shares of Junior Stock until all Series B Dividends as set forth in Section 2(a) shall have been paid or declared and set apart.

(d) Any Series B Dividend shall be paid in PIK Dividends, cash or shares of Common Stock, in the sole and absolute discretion of the Board of Directors.

(e) If the Corporation elects to pay any Series B Dividend due in Common Stock ("***Interest Shares***"), the issuance price of the Interest Shares will be equal to the 10-day Weighted Average Price (as defined below) of the Common Stock ending on the day prior to Series B Dividend Payment Date. "***Weighted Average Price***" means, for any security as of any date, the dollar volume-weighted average price for such security on the principal national securities exchange on which such equity securities are listed or admitted to trading ("***Principal Market***") during the period beginning at 9:30:01 a.m., New York Time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as the Principal Market publicly announces is the official close of trading) as reported by Bloomberg through its "Volume at Price" functions, or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York Time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as such market publicly announces is the official close of trading) as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be as determined by the affirmative vote of a majority of the members of the Board of Directors, or, if the requisite approval of the Board of Directors cannot be obtained, by a nationally recognized independent appraiser or investment bank selected, in good faith, by a majority of the members of the Board of Directors; *provided, however*, in no event shall there be a reduction in the fair market value of such equity securities based upon a "minority" or similar discount or based upon the fact that there does not exist any public trading market for such equity

securities. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

3. Liquidation.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or a Triggering Event (as defined herein) (each referred to herein as a "***Liquidation Event***"), after payment or provision for payment of debts and other liabilities of the Corporation and all amounts due and owing to the holders of outstanding shares of Senior Stock, if any, each holder of Series B Preferred, before any distribution or payment is made upon any Junior Stock, shall be entitled to receive, out of the assets of the Corporation legally available for distribution to stockholders (the "***Available Assets***"), an amount equal to each holder's Liquidation Preference. The "***Liquidation Preference***" payable with respect to each share of Series B Preferred shall be equal to the greater of (i) the Liquidation Value and (ii) if such share of Series B Preferred were then convertible into Common Stock, such amount which the holder of Series B Preferred would be entitled to receive in connection with the Liquidation Event if such holder had converted his, her or its Series B Preferred immediately prior to the occurrence of the Liquidation Event. Shares of Series B Preferred shall (i) not be entitled to any distributions in the event of a Liquidation Event other than a distribution in an amount equal to the Liquidation Preference, and (ii) be deemed cancelled upon full distribution of such Liquidation Preference.

(b) If the Available Assets shall be insufficient to permit full payment of the Liquidation Preference upon a Liquidation Event to all holders of Series B Preferred, as well as all payments then due or due by reason of such Liquidation Event on any Parity Stock, then the holders of Series B Preferred and holders of such Parity Stock shall share ratably in any such distribution of the Corporation's assets in proportion to the full respective distributable amounts to which they are entitled.

(c) Written notice of a Liquidation Event, stating a payment date, the amount of the Liquidation Preference and the place where said sums shall be payable, shall be given by mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the payment date stated therein, to all holders of Series B Preferred of record, such notice to be addressed to each such stockholder at such holder's post office address as shown by the records of the Corporation.

(d) Unless otherwise provided herein, whenever the distribution provided for in this Section 3 shall be payable in property other than cash, the value of such property shall be the Fair Market Value.

(e) As used herein, the following terms shall have the following meanings:

(i) "***Triggering Event***" means (a) a sale of all or substantially all of the assets of the Corporation to any Person, (b) any transaction or series of transactions by which any Person or group (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner (as so defined), directly or indirectly, of shares representing more than fifty percent (50%) of the aggregate voting power of the Corporation. or (c) a merger, consolidation, reorganization, recapitalization or other transaction or series of related transactions (a "***Recapitalization***") in which the stockholders of the Corporation owning a majority of the voting stock of the Corporation with the right to elect a majority of the Board of Directors in the aggregate immediately prior to such Recapitalization do not own a majority of such voting stock or voting power of the surviving, successor or continuing entity following such Recapitalization.

(ii) "***Person***" means an 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.

(iii) "***Affiliate***" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Corporation, shall include any Person beneficially owning or holding, directly or indirectly, ten percent (10%) or more of any class of voting or equity interests of the Corporation or any subsidiary or any corporation of which the Corporation and its subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, ten percent (10%) or more of any class of voting or equity interests. As used in this definition, "***Control***" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(iv) "***Fair Market Value***" shall mean the following: (i) with respect to equity securities, (A) in the event such equity securities are publicly traded, the 10-day Weighted Average Price for such equity securities preceding the date of consummation of the event requiring a determination of Fair Market Value (the "***Determination Date***") (B) in the event such equity securities are not publicly traded, the fair market value of such equity securities shall be determined by the affirmative vote of a majority of the members of the Board of Directors or, if the requisite approval of the Board of Directors cannot be obtained, by a nationally recognized independent appraiser or investment bank selected, in good faith, by a majority of the members of the Board of Directors; *provided, however*, in no event shall there be a reduction in the fair market value of such equity securities based upon a "minority" or similar discount or based upon the fact that there does not exist any public trading market for such equity securities; (ii) with respect to debt securities, the present value of such debt securities utilizing an interest rate equal to the prime rate on the Determination Date, as published in The Wall Street Journal, Eastern Edition, on such Determination Date; or (iii) with respect to any other property, the fair market value of such property, as determined (A) by the affirmative vote of a majority of the members of the Board of Directors or (B) if the requisite approval of the Board of Directors referred to in the preceding clause (A) cannot be obtained, by a nationally recognized independent appraiser selected, in good faith, by a majority of the members of the Board of Directors.

4. Voting Rights.

(a) The holders of the issued and outstanding Series B Preferred shall have no voting rights except as required by law or as provided in Section 4(b).

(b) At any time when shares of Series B Preferred are outstanding, in addition to any other vote required by law or the Certificate of Incorporation, without the written consent or affirmative vote of holders representing at least a majority of the shares of Series B Preferred then outstanding, the Corporation shall not issue or authorize the issuance of any Senior Stock or Parity Stock.

(c) Any action which by law requires the affirmative vote or consent of the holders of Series B Preferred shall require the consent of holders representing at least a majority of the shares of Series B Preferred then outstanding.

5. Conversion.

(a) Optional Conversion. The holders of Series B Preferred shall have the following conversion rights (each shall be referred to herein as an "***Optional Conversion***"):

(i) At any time after issuance the shares of Series B Preferred shall be convertible at any time and from time to time, in whole or in part (but not in fractions of a share), at the option of the holder thereof, until any Redemption Date, into such number of fully paid and nonassessable shares of Common Stock as is determined by multiplying the number of shares to be converted with the Conversion Rate.

(ii) The "***Conversion Rate***" shall be the Original Purchase Price divided by the Conversion Price at the time in effect for a share of such Series B Preferred. The "***Conversion Price***" per share of Series B Preferred initially shall be equal to Two Dollars ($2.00), subject to adjustment from time to time as provided below.

(iii) As used herein, "***Acquisition Event***" means (A) the execution of a definitive agreement with a Person that is (1) the beneficial owner of at least a majority of the then outstanding shares of Series B Preferred, or (2) an Affiliate of (1), providing for a transaction which would constitute a Triggering Event or (B) the public commencement by a Person that is not (1) the beneficial owner of at least a majority of the then outstanding shares of Series B Preferred, or (3) an Affiliate of (1), of an exchange or tender offer to acquire all of the Common Stock.

(b) Mandatory Conversion. At any time after issuance of the Series B Preferred, if the closing price of the Common Stock as reported by the Principal Market or quotation system on which such Common Stock is traded or reported equals or exceeds Two Dollars and Seventy Five Cents ($2.75) per share of Common Stock of the then current Conversion Price for five (5) consecutive trading days, then the Corporation shall have the right to cause all (but not less than all) outstanding shares of Series B Preferred to be automatically converted into shares of Common Stock (such conversion being referred to herein as a "***Mandatory Conversion***" and the date on which such Mandatory Conversion becomes effective as the "***Mandatory Conversion Date***").

(c) Conversion of the Series B Preferred may be effected by any holder thereof upon the surrender to the transfer agent for the Series B Preferred, or at such other office or offices, if any, as the Board of Directors may designate, of the certificate for such shares of the Series B Preferred to be converted accompanied (if the name(s) in which such certificate are to be registered differ from the name(s) in which the certificate formerly representing shares of Series B Preferred had been registered prior to conversion) by a written notice stating the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued and, if an Optional Conversion, stating that such holder elects to convert all or a specified whole number of such shares. In case such notice shall specify a name or names other than that of such holder, such notice shall be accompanied by a payment of all transfer taxes payable upon the issuance of shares of Common Stock in such name or names. As promptly as practicable, and in any event within five business days after the surrender of such certificate or certificates and the receipt of such notice relating thereto and, if applicable, payment of all transfer taxes (or the demonstration to the satisfaction of the Corporation that such taxes have been paid), the Corporation shall deliver or cause to be delivered (i) certificates representing the number of validly issued, fully paid and nonassessable full shares of Common Stock to which the holder of shares of the Series B Preferred being converted shall be entitled and (ii) if less than the full number of shares of the Series B Preferred evidenced by the surrendered certificate or certificates

being converted, a new certificate or certificates, of like tenor, for the number of shares evidenced by such surrendered certificate or certificates less the number of shares being converted.

(d) In the event of any Optional Conversion, such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate or certificates for the shares of Series B Preferred to be converted and the giving of the notice relating thereto, and the Person or Persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. In the event of a Mandatory Conversion, such conversion shall be deemed to have been made on the Mandatory Conversion Date, and the Person or Persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Mandatory Conversion Date. On the date on which a conversion is deemed pursuant to this Section 5(d) to have been made, the rights of the holder of the shares of the Series B Preferred deemed to have been converted as to the shares being converted shall cease except for the right to receive shares of Common Stock in accordance herewith and the corresponding rights of a holder of Common Stock thereupon created.

(e) In connection with the conversion of any shares of the Series B Preferred, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the then effective Conversion Price. If more than one share of the Series B Preferred shall be surrendered for conversion by the same holder at the same time, the number of full shares of Common Stock issuable on conversion thereof shall be computed on the basis of the total number of shares of the Series B Preferred so surrendered.

(f) The Corporation shall at all times reserve, and keep available for issuance upon the conversion of the Series B Preferred, such number of its authorized but unissued shares of Common Stock as will from time to time be sufficient to permit the conversion of all outstanding shares of the Series B Preferred, and shall take all action required to increase the authorized number of shares of Common Stock if necessary to permit the conversion of all outstanding shares of the Series B Preferred.

(g) The Conversion Price shall be subject to adjustment from time to time as follows:

(i) *Adjustments for Subdivisions or Combinations of Common Stock.* In the event the outstanding shares of Common Stock shall be subdivided by stock split, stock dividend or otherwise, into a greater number of shares of Common Stock, the Conversion Price of the Series B Preferred then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Common Stock shall be combined or consolidated into a lesser number of shares of Common Stock, the Conversion Price of the Series B Preferred then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(ii) *Adjustments for Non-Cash Dividends and Other Distributions.* In the event the Corporation makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, any distribution (excluding repurchases of securities by the corporation not made on a pro rata basis) payable in property or in securities of the Corporation other than shares of Common Stock, then and in each such event the holders of Series B Preferred shall

receive, at the time of such distribution, the amount of property or the number of securities of the Corporation that they would have received had their Series B Preferred been converted into Common Stock on the date of such event.

(iii) *Adjustments for Reorganizations, Reclassifications or Similar Events.* If the Common Stock shall be changed into the same or a different number of shares of any other class or classes of stock or other securities or property, whether by capital reorganization, reclassification or otherwise, then each share of Series B Preferred shall thereafter be convertible into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such shares of Series B Preferred shall have been entitled upon such reorganization, reclassification or other event.

(iv) *Shares Owned by Corporation.* For purposes of this Section 5(g), the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation.

(v) *Certificate of Independent Accountant.* The certificate of any firm of independent public accountants of recognized national standing selected by the Board of Directors of the Corporation (which may be the firm of independent public accountants regularly employed by the Corporation) shall be presumptively correct for any computation made under this Section 5(g).

(vi) *No Adjustments for Abandoning Dividend Distributions.* If the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, and shall thereafter and before the distribution to stockholders thereof legally abandon its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the Conversion Price or the number of shares of Common Stock issuable upon exercise of the right of conversion granted by this Section 5(g) shall be required by reason of the taking of such record.

(vii) *No Adjustments for Mergers, Reorganizations, Acquisitions or Similar Events.* There shall be no adjustment of the Conversion Price in case of the issuance of any stock of the Corporation to the security holders of any other corporation in a merger, reorganization, acquisition or other similar transaction except as set forth in this Section 5(g).

(h) In case of any capital reorganization or reclassification of outstanding shares of Common Stock (other than a reclassification covered by Section 5(g)(iii)), or in the case of a share exchange of Common Stock for securities of another corporation, or in case of any consolidation or merger of the Corporation with or into another corporation, or in case of any sale or conveyance to another corporation of the property of the Corporation as an entirety or substantially as an entirety (each of the foregoing being referred to as a "***Transaction***"), each share of the Series B Preferred then owned by such holder shall thereafter be convertible into, in lieu of the Common Stock issuable upon such conversion prior to consummation of such Transaction, the kind and amount of shares of stock and other securities and property receivable (including cash) upon the consummation of such Transaction by a holder of that number of shares of Common Stock into which one share of the Series B Preferred was convertible immediately prior to such Transaction (including, on a pro rata basis, the cash, securities or property received by holders of Common Stock in any tender or exchange offer that is a step in such Transaction).

(i) Upon any adjustment of the Conversion Price then in effect, the Corporation, at its expense, shall, upon the written request of any holder of Series B Preferred, promptly compute such adjustment in accordance with the terms hereof and furnish to each holder of Series B Preferred a certificate setting forth such adjustment and showing in reasonable detail the facts upon which such adjustment is based.

(j) Upon any conversion of Series B Preferred pursuant to this Section 5, the holder of such shares being converted shall receive any unpaid and accrued dividends on such shares being converted.

6. Redemption.

(a) At any time after the third anniversary of the issuance of the Series B Preferred, all, but not less than all, the shares of Series B Preferred outstanding may be redeemed by the Corporation (a "***Mandatory Redemption***") at its sole discretion, at a price equal to the greater of (i) one hundred ten percent (110%) of the Original Purchase Price, plus an amount equal to any unpaid and accrued dividends and (ii) the Fair Market Value on the Redemption Date of such number of shares of Common Stock which the holder of the redeemed Series B Preferred would be entitled to receive had the redeemed Series B Preferred been converted immediately prior to the redemption. The right of the Corporation to redeem the Series B Preferred provided under this Section 6(a), shall cease upon the occurrence of an Acquisition Event.

(b) Redemption Notice. Upon the determination by the Corporation to effectuate a Mandatory Redemption or a Partial Redemption, written notice of such redemption (the "***Redemption Notice***") shall be mailed, postage prepaid, to each holder of record of Series B Preferred, at its post office address last shown on the records of the Corporation, not less than five (5) business days prior to the date such redemption is to occur (the "***Redemption Date***"). Each Redemption Notice shall state:

(i) the number of shares of Series B Preferred held by the holder that the Corporation shall redeem on the Redemption Date;

(ii) the Redemption Date and the price the Corporation shall pay to the holders of Series B Preferred upon such redemption as determined pursuant to Section 6(a), as applicable (the "***Redemption Price***"); and

(iii) that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series B Preferred to be redeemed.

(c) Redemption Mechanics. On any Redemption Date, the Corporation shall redeem such number of shares of Series B Preferred set forth in the Redemption Notice. If on any Redemption Date the Corporation does not have sufficient funds legally available to redeem such number of shares of Series B Preferred set forth in the Redemption Notice, the Corporation shall redeem a pro rata portion of each Series B Preferred holder's redeemable shares out of funds legally available therefor, based on the respective amounts which would otherwise be payable in respect of such shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor. The Corporation may delay or cancel any redemption by providing notice of such delay or cancellation to each holder of Series B Preferred

that received a Redemption Notice in connection with such redemption as promptly as practicable following the determination by the Corporation to delay or cancel such redemption.

(d) Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Series B Preferred to be redeemed on such Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 5, shall surrender the certificate or certificates representing such shares to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired. In the event less than all of the shares of Series B Preferred represented by a certificate are redeemed, a new certificate representing the unredeemed shares of Series B Preferred shall promptly be issued to such holder.

(e) Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Series B Preferred to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor, then notwithstanding that the certificates evidencing any of the shares of Series B Preferred so called for redemption shall not have been surrendered, dividends with respect to such shares of Series B Preferred shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificate or certificates therefor.

7. Payment of Taxes. The Corporation shall pay all documentary, stamp, transfer and other taxes (other than taxes on income of the holders of shares of Series B Preferred) and other governmental charges attributable to the issuance, delivery, conversion or redemption of shares of Series B Preferred; *provided, however*, that the Corporation shall not be required to pay any taxes payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the shares of Series B Preferred in respect of which such shares are being issued.

8. Exclusion of Other Rights. Except as may otherwise be required by law, the shares of Series B Preferred shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth herein. The shares of Series B Preferred shall have no preemptive or subscription rights.

9. Severability. If any right, preference or limitation of the Series B Preferred set forth herein is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations set forth herein which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

10. Status of Reacquired Shares. Shares of Series B Preferred that have been issued and reacquired in any manner shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of Preferred Stock issuable in series undesignated as to series and may be redesignated and reissued.

11. Waivers. The holders of Series B Preferred shall also be entitled to, and shall not be deemed to have waived, any other applicable rights granted to such holders under the Delaware General Corporation Law. Any of the rights of the holders of Series B Preferred set forth herein may be waived by the affirmative consent or vote of the holders of at least a majority of the then outstanding shares of Series B Preferred, subject to applicable law.

12. Registration of Series B Convertible Preferred Stock. The Corporation shall register shares of the Series B Preferred, upon records to be maintained by the Corporation for that purpose (the "***Series B Preferred Register***"), in the name of the record holders thereof from time to time. The Corporation may deem and treat the registered holder of shares of Series B Preferred as the absolute owner thereof for the purpose of any distribution to such holder, and for all other purposes, absent actual notice to the contrary.

13. Registration of Transfers. The Corporation shall register the transfer of any shares of Series B Preferred in the Series B Preferred Register, upon surrender of certificates evidencing such Shares to the Corporation at its address specified herein. Upon any such registration or transfer, a new certificate evidencing the shares of Series B Preferred so transferred shall be issued to the transferee and a new certificate evidencing the remaining portion of the shares not so transferred, if any, shall be issued to the transferring holder.

14. Replacement Certificates. If any certificate evidencing Series B Preferred is mutilated, lost, stolen or destroyed, the Corporation shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for such certificate, a new certificate, but only upon receipt of an affidavit of loss and indemnity agreement reasonably satisfactory to the Corporation evidencing such loss, theft or destruction and customary and reasonable indemnity, if requested. Applicants for a new certificate under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Corporation may prescribe.

15. Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock , solely for the purposes of effecting the conversion of the shares of Series B Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series B Preferred; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Series B Preferred, in addition to such other remedies as shall be available to the holders of such Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation.

This Certificate shall become effective upon the filing thereof with the Secretary of State of the State of Delaware.

* * *

The Corporation has caused this Certificate of Designation of Series B Convertible Preferred Stock to be duly executed and acknowledged by its undersigned duly authorized officers this 10th day of November, 2009.

REED'S, INC.

By: _____
Name: Christopher J. Reed
Title: President & Chief Executive Officer

REED'S, INC.

By: _____
Name: Judy Holloway Reed
Title: Secretary

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:27 PM 12/07/2009
FILED 06:22 PM 12/07/2009
SRV 091076385 - 3433903 FILE

AMENDED CERTIFICATE OF DESIGNATION

(Pursuant to Section 151 of the Delaware General Corporation Law)

The undersigned, Christopher J. Reed and Judy Holloway Reed, certify that:

ONE. They are the duly elected Chief Executive Officer and Secretary, respectively, of the Reed's, Inc., a Delaware corporation (the "***Corporation***").

TWO. The Certificate of Incorporation of this Corporation provides for a class of its authorized shares known as Preferred Stock comprised of 500,000 shares issuable from time to time in one or more series, of which 47,121 shares designated as Series A Convertible Preferred Stock are currently outstanding and no shares designated as Series B Convertible Preferred Stock are currently outstanding.

THREE. Pursuant to and in accordance with the provisions of Section 151 of the Delaware General Corporation Law and the Certificate of Incorporation of this Corporation ("***Certificate of Incorporation***"), the Board of Directors of the Corporation ("***Board of Directors***") has duly authorized and adopted resolutions amending the Certificate of Designation originally filed April 29, 2009 and amended November 16, 2009, by decreasing the Conversion Price (defined hereinbelow) of the Series B Convertible Preferred Stock to $1.43.

FOUR. The Board of Directors of the Corporation has duly authorized and adopted the following recitals and resolutions on December 4, 2009:

WHEREAS, the Board of Directors of this corporation is authorized to fix the number of shares of any series of Preferred Stock and to determine the designation of any such series and the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock; and

WHEREAS, the Board of Directors has previously fixed and determined the designation of, the number of shares constituting, and the rights, preferences, privileges and restrictions relating to a Series B Convertible Preferred Stock, pursuant to a Certificate of Designation as filed with the Delaware Secretary of State on April 29, 2009 and amended November 16, 2009; and

WHEREAS, the Board of Directors wishes to amend and restate the Certificate of Designation originally filed April 29, 2009 and amended November 16, 2009, by decreasing the Conversion Price (defined hereinbelow) of the Series B Convertible Preferred Stock to $1.43.

RESOLVED, that the Board of Directors hereby amends and restates the Certificate of Designation filed April 29, 2009 and amended November 16, 2009 in its entirety and designates the number of shares, and fixes the relative rights, powers and preferences thereof, and the limitations or restrictions of the Series B Convertible Preferred Stock (in addition to any provisions set forth in the Certificate of Incorporation that are applicable to the Preferred Stock of all classes and series), as follows:

SERIES B CONVERTIBLE PREFERRED STOCK

A total of four hundred thousand (400,000) shares of the authorized and unissued Preferred Stock of the Corporation, $10.00 stated value per share, are hereby designated "Series B Convertible Preferred Stock" (the "***Series B Preferred***") with such series having the following rights, preferences, powers, privileges and restrictions, qualifications and limitations:

1. Rank. The Series B Preferred shall rank (a) senior, in all matters, to (i) any class of common stock of the Corporation, including, without limitation, the Corporation's common stock, $0.0001 par value per share (the "***Common Stock***"), and any other class or series of capital stock into which the Common Stock is reclassified or reconstituted, (ii) any other class or series of capital stock of the Corporation either specifically ranking by its terms junior to the Series B Preferred or not specifically ranking by its terms senior to or on parity with the Series B Preferred, and (iii) any class or series of capital stock of the Corporation into which the capital stock referred to in the preceding subclauses (i) and (ii) is reclassified or reconstituted (the capital stock referred to in this clause (a) is hereinafter referred to as the "***Junior Stock***"); (b) on parity with any class or series of capital stock of the Corporation specifically ranking by its terms on parity, in all matters expressly provided, with the Series B Preferred ("***Parity Stock***"); and (c) junior, in all matters expressly provided, to the Corporation's class of Preferred Stock designated as Series A Convertible Preferred stock and any class or series of capital stock of the Corporation specifically ranking by its terms senior to the Series B Preferred ("***Senior Stock***").

2. Dividends.

(a) Subject to the prior payment in full of any dividends to which any Senior Stock is entitled pursuant to the Certificate of Incorporation, as then amended to date, for a period of three (3) years from the date of issuance of the Series B Preferred, the holders of the Series B Preferred (each, a "***Series B Holder***") shall be entitled to receive, out of funds legally available therefor, dividends (the "***Series B Dividends***"), which shall be cumulative and non-compounding and accrue on a daily basis from the date on which a particular share of Series B Preferred is issued, at an annual rate equal to five percent (5%) of the Original Purchase Price (the "***Series B Dividend Rate,***" subject to increase as provided below), payable as provided in Section 2(b) hereof. As used herein, "***Original Purchase Price***" means ten dollars ($10.00).

(b) Series B Dividends payable pursuant to Section 2(a) hereof shall be payable in quarterly dividends equal to 1.25% of such Liquidation Value (defined below) on each of September 30, December 31, March 31 and June 30 of each year (the "***Series B Dividend Payment Date***"), for a period of 36 months from the date of issuance of the Series B Preferred Convertible Preferred Stock. Such dividends shall be payable, on each Series B Dividend Payment Date, in additional shares of Series B Preferred Convertible Preferred Stock ("***PIK Dividends***"), or, in the sole discretion of the Board of Directors, in cash or Common Stock and such dividends shall be cumulative and shall accrue whether or not declared, earned or payable from and after the date of issue of the Series B Preferred. The shares of Series B Preferred distributed as a PIK Dividend shall be deemed to be issued and outstanding from and after such Series B Dividend Payment Date, and the amount of shares issued as a PIK Dividend shall have an aggregate Liquidation Value, at the Series B Dividend Payment Date equal to the value of the dividend accrued and payable. The initial "***Liquidation Value***" of each share of Series B Preferred will be $10.00 per share, and thereafter, there will be added to the Liquidation Value of each share of Series B

Preferred, as of any Series B Dividend Payment Date, the amount of any dividends payable on such share on that Series B Dividend Payment Date but not paid on that Series B Dividend Payment Date, whether or not such dividends are declared, earned or payable. The amount of Series B Dividends payable on the Series B Preferred for any period shorter than a full calendar quarter shall be computed on the basis of a 360-day year of twelve 30-day months.

(c) So long as any shares of Series B Preferred are outstanding, the Corporation shall not pay or declare any dividend, whether in cash or property, or make any other distribution on any Junior Stock, or purchase, redeem or otherwise acquire for value any shares of Junior Stock until all Series B Dividends as set forth in Section 2(a) shall have been paid or declared and set apart.

(d) Any Series B Dividend shall be paid in PIK Dividends, cash or shares of Common Stock, in the sole and absolute discretion of the Board of Directors.

(e) If the Corporation elects to pay any Series B Dividend due in Common Stock ("***Interest Shares***"), the issuance price of the Interest Shares will be equal to the 10-day Weighted Average Price (as defined below) of the Common Stock ending on the day prior to Series B Dividend Payment Date. "***Weighted Average Price***" means, for any security as of any date, the dollar volume-weighted average price for such security on the principal national securities exchange on which such equity securities are listed or admitted to trading ("***Principal Market***") during the period beginning at 9:30:01 a.m., New York Time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as the Principal Market publicly announces is the official close of trading) as reported by Bloomberg through its "Volume at Price" functions, or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York Time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as such market publicly announces is the official close of trading) as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be as determined by the affirmative vote of a majority of the members of the Board of Directors, or, if the requisite approval of the Board of Directors cannot be obtained, by a nationally recognized independent appraiser or investment bank selected, in good faith, by a majority of the members of the Board of Directors; *provided, however*, in no event shall there be a reduction in the fair market value of such equity securities based upon a "minority" or similar discount or based upon the fact that there does not exist any public trading market for such equity securities. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

3. Liquidation.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or a Triggering Event (as defined herein) (each referred to herein as a "***Liquidation Event***"), after payment or provision for payment of debts and other liabilities of the Corporation and all amounts due and owing to the holders of outstanding shares of Senior Stock, if any, each holder of Series B Preferred, before any distribution or payment is made upon any Junior Stock, shall be entitled to receive, out of the assets of the Corporation legally available for

distribution to stockholders (the "***Available Assets***"), an amount equal to each holder's Liquidation Preference. The "***Liquidation Preference***" payable with respect to each share of Series B Preferred shall be equal to the greater of (i) the Liquidation Value and (ii) if such share of Series B Preferred were then convertible into Common Stock, such amount which the holder of Series B Preferred would be entitled to receive in connection with the Liquidation Event if such holder had converted his, her or its Series B Preferred immediately prior to the occurrence of the Liquidation Event. Shares of Series B Preferred shall (i) not be entitled to any distributions in the event of a Liquidation Event other than a distribution in an amount equal to the Liquidation Preference, and (ii) be deemed cancelled upon full distribution of such Liquidation Preference.

(b) If the Available Assets shall be insufficient to permit full payment of the Liquidation Preference upon a Liquidation Event to all holders of Series B Preferred, as well as all payments then due or due by reason of such Liquidation Event on any Parity Stock, then the holders of Series B Preferred and holders of such Parity Stock shall share ratably in any such distribution of the Corporation's assets in proportion to the full respective distributable amounts to which they are entitled.

(c) Written notice of a Liquidation Event, stating a payment date, the amount of the Liquidation Preference and the place where said sums shall be payable, shall be given by mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the payment date stated therein, to all holders of Series B Preferred of record, such notice to be addressed to each such stockholder at such holder's post office address as shown by the records of the Corporation.

(d) Unless otherwise provided herein, whenever the distribution provided for in this Section 3 shall be payable in property other than cash, the value of such property shall be the Fair Market Value.

(e) As used herein, the following terms shall have the following meanings:

(i) "***Triggering Event***" means (a) a sale of all or substantially all of the assets of the Corporation to any Person, (b) any transaction or series of transactions by which any Person or group (as such term is used in Section 13(d) of the Exchange Act) becomes the beneficial owner (as so defined), directly or indirectly, of shares representing more than fifty percent (50%) of the aggregate voting power of the Corporation. or (c) a merger, consolidation, reorganization, recapitalization or other transaction or series of related transactions (a "***Recapitalization***") in which the stockholders of the Corporation owning a majority of the voting stock of the Corporation with the right to elect a majority of the Board of Directors in the aggregate immediately prior to such Recapitalization do not own a majority of such voting stock or voting power of the surviving, successor or continuing entity following such Recapitalization.

(ii) "***Person***" means an 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.

(iii) "***Affiliate***" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Corporation, shall include any Person beneficially owning or holding, directly or indirectly, ten percent (10%) or more of any class of voting or equity interests of the Corporation or any subsidiary or any corporation of which the Corporation and its subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, ten percent (10%) or more of any class of voting or

equity interests. As used in this definition, "***Control***" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(iv) "***Fair Market Value***" shall mean the following: (i) with respect to equity securities, (A) in the event such equity securities are publicly traded, the 10-day Weighted Average Price for such equity securities preceding the date of consummation of the event requiring a determination of Fair Market Value (the "***Determination Date***") (B) in the event such equity securities are not publicly traded, the fair market value of such equity securities shall be determined by the affirmative vote of a majority of the members of the Board of Directors or, if the requisite approval of the Board of Directors cannot be obtained, by a nationally recognized independent appraiser or investment bank selected, in good faith, by a majority of the members of the Board of Directors; *provided, however*, in no event shall there be a reduction in the fair market value of such equity securities based upon a "minority" or similar discount or based upon the fact that there does not exist any public trading market for such equity securities; (ii) with respect to debt securities, the present value of such debt securities utilizing an interest rate equal to the prime rate on the Determination Date, as published in The Wall Street Journal, Eastern Edition, on such Determination Date; or (iii) with respect to any other property, the fair market value of such property, as determined (A) by the affirmative vote of a majority of the members of the Board of Directors or (B) if the requisite approval of the Board of Directors referred to in the preceding clause (A) cannot be obtained, by a nationally recognized independent appraiser selected, in good faith, by a majority of the members of the Board of Directors.

4. Voting Rights.

(a) The holders of the issued and outstanding Series B Preferred shall have no voting rights except as required by law or as provided in Section 4(b).

(b) At any time when shares of Series B Preferred are outstanding, in addition to any other vote required by law or the Certificate of Incorporation, without the written consent or affirmative vote of holders representing at least a majority of the shares of Series B Preferred then outstanding, the Corporation shall not issue or authorize the issuance of any Senior Stock or Parity Stock.

(c) Any action which by law requires the affirmative vote or consent of the holders of Series B Preferred shall require the consent of holders representing at least a majority of the shares of Series B Preferred then outstanding.

5. Conversion.

(a) Optional Conversion. The holders of Series B Preferred shall have the following conversion rights (each shall be referred to herein as an "***Optional Conversion***"):

(i) At any time after issuance the shares of Series B Preferred shall be convertible at any time and from time to time, in whole or in part (but not in fractions of a share), at the option of the holder thereof, until any Redemption Date, into such number of fully paid and nonassessable shares of Common Stock as is determined by multiplying the number of shares to be converted with the Conversion Rate.

(ii) The "***Conversion Rate***" shall be the Original Purchase Price divided by the Conversion Price at the time in effect for a share of such Series B Preferred. The "***Conversion Price***" per share of Series B Preferred initially shall be equal to One Dollar and Forty Three Cents ($1.43), subject to adjustment from time to time as provided below.

(iii) As used herein, "***Acquisition Event***" means (A) the execution of a definitive agreement with a Person that is (1) the beneficial owner of at least a majority of the then outstanding shares of Series B Preferred, or (2) an Affiliate of (1), providing for a transaction which would constitute a Triggering Event or (B) the public commencement by a Person that is not (1) the beneficial owner of at least a majority of the then outstanding shares of Series B Preferred, or (3) an Affiliate of (1), of an exchange or tender offer to acquire all of the Common Stock.

(b) Mandatory Conversion. At any time after issuance of the Series B Preferred, if the closing price of the Common Stock as reported by the Principal Market or quotation system on which such Common Stock is traded or reported equals or exceeds Two Dollars and Seventy Five Cents ($2.75) per share of Common Stock of the then current Conversion Price for five (5) consecutive trading days, then the Corporation shall have the right to cause all (but not less than all) outstanding shares of Series B Preferred to be automatically converted into shares of Common Stock (such conversion being referred to herein as a "***Mandatory Conversion***" and the date on which such Mandatory Conversion becomes effective as the "***Mandatory Conversion Date***").

(c) Conversion of the Series B Preferred may be effected by any holder thereof upon the surrender to the transfer agent for the Series B Preferred, or at such other office or offices, if any, as the Board of Directors may designate, of the certificate for such shares of the Series B Preferred to be converted accompanied (if the name(s) in which such certificate are to be registered differ from the name(s) in which the certificate formerly representing shares of Series B Preferred had been registered prior to conversion) by a written notice stating the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued and, if an Optional Conversion, stating that such holder elects to convert all or a specified whole number of such shares. In case such notice shall specify a name or names other than that of such holder, such notice shall be accompanied by a payment of all transfer taxes payable upon the issuance of shares of Common Stock in such name or names. As promptly as practicable, and in any event within five business days after the surrender of such certificate or certificates and the receipt of such notice relating thereto and, if applicable, payment of all transfer taxes (or the demonstration to the satisfaction of the Corporation that such taxes have been paid), the Corporation shall deliver or cause to be delivered (i) certificates representing the number of validly issued, fully paid and nonassessable full shares of Common Stock to which the holder of shares of the Series B Preferred being converted shall be entitled and (ii) if less than the full number of shares of the Series B Preferred evidenced by the surrendered certificate or certificates being converted, a new certificate or certificates, of like tenor, for the number of shares evidenced by such surrendered certificate or certificates less the number of shares being converted.

(d) In the event of any Optional Conversion, such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate or certificates for the shares of Series B Preferred to be converted and the giving of the notice relating thereto, and the Person or Persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. In the event of a Mandatory Conversion, such

conversion shall be deemed to have been made on the Mandatory Conversion Date, and the Person or Persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Mandatory Conversion Date. On the date on which a conversion is deemed pursuant to this Section 5(d) to have been made, the rights of the holder of the shares of the Series B Preferred deemed to have been converted as to the shares being converted shall cease except for the right to receive shares of Common Stock in accordance herewith and the corresponding rights of a holder of Common Stock thereupon created.

(e) In connection with the conversion of any shares of the Series B Preferred, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the then effective Conversion Price. If more than one share of the Series B Preferred shall be surrendered for conversion by the same holder at the same time, the number of full shares of Common Stock issuable on conversion thereof shall be computed on the basis of the total number of shares of the Series B Preferred so surrendered.

(f) The Corporation shall at all times reserve, and keep available for issuance upon the conversion of the Series B Preferred, such number of its authorized but unissued shares of Common Stock as will from time to time be sufficient to permit the conversion of all outstanding shares of the Series B Preferred, and shall take all action required to increase the authorized number of shares of Common Stock if necessary to permit the conversion of all outstanding shares of the Series B Preferred.

(g) The Conversion Price shall be subject to adjustment from time to time as follows:

(i) *Adjustments for Subdivisions or Combinations of Common Stock.* In the event the outstanding shares of Common Stock shall be subdivided by stock split, stock dividend or otherwise, into a greater number of shares of Common Stock, the Conversion Price of the Series B Preferred then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Common Stock shall be combined or consolidated into a lesser number of shares of Common Stock, the Conversion Price of the Series B Preferred then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(ii) *Adjustments for Non-Cash Dividends and Other Distributions.* In the event the Corporation makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, any distribution (excluding repurchases of securities by the corporation not made on a pro rata basis) payable in property or in securities of the Corporation other than shares of Common Stock, then and in each such event the holders of Series B Preferred shall receive, at the time of such distribution, the amount of property or the number of securities of the Corporation that they would have received had their Series B Preferred been converted into Common Stock on the date of such event.

(iii) *Adjustments for Reorganizations, Reclassifications or Similar Events.* If the Common Stock shall be changed into the same or a different number of shares of any other class or classes of stock or other securities or property, whether by capital reorganization, reclassification or otherwise, then each share of Series B Preferred shall thereafter be convertible into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such shares of

Series B Preferred shall have been entitled upon such reorganization, reclassification or other event.

(iv) *Shares Owned by Corporation.* For purposes of this Section 5(g), the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation.

(v) *Certificate of Independent Accountant.* The certificate of any firm of independent public accountants of recognized national standing selected by the Board of Directors of the Corporation (which may be the firm of independent public accountants regularly employed by the Corporation) shall be presumptively correct for any computation made under this Section 5(g).

(vi) *No Adjustments for Abandoning Dividend Distributions.* If the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, and shall thereafter and before the distribution to stockholders thereof legally abandon its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the Conversion Price or the number of shares of Common Stock issuable upon exercise of the right of conversion granted by this Section 5(g) shall be required by reason of the taking of such record.

(vii) *No Adjustments for Mergers, Reorganizations, Acquisitions or Similar Events.* There shall be no adjustment of the Conversion Price in case of the issuance of any stock of the Corporation to the security holders of any other corporation in a merger, reorganization, acquisition or other similar transaction except as set forth in this Section 5(g).

(h) In case of any capital reorganization or reclassification of outstanding shares of Common Stock (other than a reclassification covered by Section 5(g)(iii)), or in the case of a share exchange of Common Stock for securities of another corporation, or in case of any consolidation or merger of the Corporation with or into another corporation, or in case of any sale or conveyance to another corporation of the property of the Corporation as an entirety or substantially as an entirety (each of the foregoing being referred to as a "***Transaction***"), each share of the Series B Preferred then owned by such holder shall thereafter be convertible into, in lieu of the Common Stock issuable upon such conversion prior to consummation of such Transaction, the kind and amount of shares of stock and other securities and property receivable (including cash) upon the consummation of such Transaction by a holder of that number of shares of Common Stock into which one share of the Series B Preferred was convertible immediately prior to such Transaction (including, on a pro rata basis, the cash, securities or property received by holders of Common Stock in any tender or exchange offer that is a step in such Transaction).

(i) Upon any adjustment of the Conversion Price then in effect, the Corporation, at its expense, shall, upon the written request of any holder of Series B Preferred, promptly compute such adjustment in accordance with the terms hereof and furnish to each holder of Series B Preferred a certificate setting forth such adjustment and showing in reasonable detail the facts upon which such adjustment is based.

(j) Upon any conversion of Series B Preferred pursuant to this Section 5, the holder of such shares being converted shall receive any unpaid and accrued dividends on such shares being converted.

6. Redemption.

(a) At any time after the third anniversary of the issuance of the Series B Preferred, all, but not less than all, the shares of Series B Preferred outstanding may be redeemed by the Corporation (a "***Mandatory Redemption***") at its sole discretion, at a price equal to the greater of (i) one hundred ten percent (110%) of the Original Purchase Price, plus an amount equal to any unpaid and accrued dividends and (ii) the Fair Market Value on the Redemption Date of such number of shares of Common Stock which the holder of the redeemed Series B Preferred would be entitled to receive had the redeemed Series B Preferred been converted immediately prior to the redemption. The right of the Corporation to redeem the Series B Preferred provided under this Section 6(a), shall cease upon the occurrence of an Acquisition Event.

(b) Redemption Notice. Upon the determination by the Corporation to effectuate a Mandatory Redemption or a Partial Redemption, written notice of such redemption (the "***Redemption Notice***") shall be mailed, postage prepaid, to each holder of record of Series B Preferred, at its post office address last shown on the records of the Corporation, not less than five (5) business days prior to the date such redemption is to occur (the "***Redemption Date***"). Each Redemption Notice shall state:

(i) the number of shares of Series B Preferred held by the holder that the Corporation shall redeem on the Redemption Date;

(ii) the Redemption Date and the price the Corporation shall pay to the holders of Series B Preferred upon such redemption as determined pursuant to Section 6(a), as applicable (the "***Redemption Price***"); and

(iii) that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series B Preferred to be redeemed.

(c) Redemption Mechanics. On any Redemption Date, the Corporation shall redeem such number of shares of Series B Preferred set forth in the Redemption Notice. If on any Redemption Date the Corporation does not have sufficient funds legally available to redeem such number of shares of Series B Preferred set forth in the Redemption Notice, the Corporation shall redeem a pro rata portion of each Series B Preferred holder's redeemable shares out of funds legally available therefor, based on the respective amounts which would otherwise be payable in respect of such shares to be redeemed if the legally available funds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor. The Corporation may delay or cancel any redemption by providing notice of such delay or cancellation to each holder of Series B Preferred that received a Redemption Notice in connection with such redemption as promptly as practicable following the determination by the Corporation to delay or cancel such redemption.

(d) Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Series B Preferred to be redeemed on such Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 5, shall surrender the certificate or certificates representing such shares to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired. In the event less than all of the shares of Series B Preferred represented by a certificate are

redeemed, a new certificate representing the unredeemed shares of Series B Preferred shall promptly be issued to such holder.

(e) Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Series B Preferred to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor, then notwithstanding that the certificates evidencing any of the shares of Series B Preferred so called for redemption shall not have been surrendered, dividends with respect to such shares of Series B Preferred shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of their certificate or certificates therefor.

7. Payment of Taxes. The Corporation shall pay all documentary, stamp, transfer and other taxes (other than taxes on income of the holders of shares of Series B Preferred) and other governmental charges attributable to the issuance, delivery, conversion or redemption of shares of Series B Preferred; *provided, however*, that the Corporation shall not be required to pay any taxes payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the shares of Series B Preferred in respect of which such shares are being issued.

8. Exclusion of Other Rights. Except as may otherwise be required by law, the shares of Series B Preferred shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth herein. The shares of Series B Preferred shall have no preemptive or subscription rights.

9. Severability. If any right, preference or limitation of the Series B Preferred set forth herein is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations set forth herein which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

10. Status of Reacquired Shares. Shares of Series B Preferred that have been issued and reacquired in any manner shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of Preferred Stock issuable in series undesignated as to series and may be redesignated and reissued.

11. Waivers. The holders of Series B Preferred shall also be entitled to, and shall not be deemed to have waived, any other applicable rights granted to such holders under the Delaware General Corporation Law. Any of the rights of the holders of Series B Preferred set forth herein may be waived by the affirmative consent or vote of the holders of at least a majority of the then outstanding shares of Series B Preferred, subject to applicable law.

12. Registration of Series B Convertible Preferred Stock. The Corporation shall register shares of the Series B Preferred, upon records to be maintained by the Corporation for that purpose (the "***Series B Preferred Register***"), in the name of the record holders thereof from time to time. The Corporation may deem and treat the registered holder of shares of Series B Preferred as the absolute owner thereof for the purpose of any distribution to such holder, and for all other purposes, absent actual notice to the contrary.

13. Registration of Transfers. The Corporation shall register the transfer of any shares of Series B Preferred in the Series B Preferred Register, upon surrender of certificates evidencing such Shares to the Corporation at its address specified herein. Upon any such registration or transfer, a new certificate evidencing the shares of Series B Preferred so transferred shall be issued to the transferee and a new certificate evidencing the remaining portion of the shares not so transferred, if any, shall be issued to the transferring holder.

14. Replacement Certificates. If any certificate evidencing Series B Preferred is mutilated, lost, stolen or destroyed, the Corporation shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for such certificate, a new certificate, but only upon receipt of an affidavit of loss and indemnity agreement reasonably satisfactory to the Corporation evidencing such loss, theft or destruction and customary and reasonable indemnity, if requested. Applicants for a new certificate under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Corporation may prescribe.

15. Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock , solely for the purposes of effecting the conversion of the shares of Series B Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series B Preferred; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Series B Preferred, in addition to such other remedies as shall be available to the holders of such Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation.

This Certificate shall become effective upon the filing thereof with the Secretary of State of the State of Delaware.

* * *

[signature page follows]

The Corporation has caused this Amended Certificate of Designation to be duly executed and acknowledged by its undersigned duly authorized officers this 4th day of December, 2009.

REED'S, INC.

By: _____
Name: Christopher J. Reed
Title: President & Chief Executive Officer

REED'S, INC.

By: _____
Name: Judy Holloway Reed
Title: Secretary

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:55 PM 10/10/2017
FILED 12:55 PM 10/10/2017
SR 20176550955 - File Number 3433903

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF REED'S, INC.

Reed's, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: That the Board of Directors of the Corporation has duly adopted resolutions (i) authorizing the Corporation to execute and file with the Secretary of State of the State of Delaware this Certificate of Amendment of Certificate of Incorporation (this "Amendment") to increase its authorized capital stock to Forty Million Five Hundred Thousand (40,500,000), of which Forty Million (40,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share; and (ii) declaring this Amendment to be advisable, submitted to and considered by the stockholders of the Corporation entitled to vote thereon for approval by the affirmative vote of such stockholders in accordance with the terms of the Corporation's Certificate of Incorporation, as previously amended (the "Certificate of Incorporation") and Section 242 of the General Corporation Law of the State of Delaware (the "DGCL") and recommended for approval by the stockholders of the Corporation.

SECOND: That thereafter, pursuant to resolutions of its Board of Directors, at the annual meeting of the stockholders of said Corporation, duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, the necessary number of shares as required by statute were voted in favor of the Amendment.

THIRD: That this Amendment was duly adopted in accordance with the terms of the Certificate of Incorporation and the provisions of Section 242 of the DGCL by the Board of Directors and stockholders of the Corporation.

FOURTH: The Certificate of Incorporation is amended by amending Article IV thereof to read in its entirety as follows:

The total number of shares of capital stock which the Corporation is authorized to issue is Forty Million Five Hundred Thousand (40,500,000), of which Forty Million (40,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences, and rights and the qualifications, limitations, or restrictions thereof, of each such series of Preferred Stock, including without limitation, authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting such series and the designation thereof, or any of the foregoing. The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding)

the number of shares of any series, the number of which was fixed by it, subsequent to the issue of shares of such series then outstanding, subject to the powers, preferences, and rights and the qualifications, limitations, and restrictions thereof stated in the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Certificate of Incorporation to be signed by the President of the Corporation on October 9, 2017.

REED'S, INC.

By: _____
Name: Valentin Stalowir
Title: President and Chief Executive Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:50 PM 12/17/2018
FILED 02:50 PM 12/17/2018
SR 20188191450 - File Number 3433903

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF REED'S, INC.

Reed's, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: That the Board of Directors of the Corporation has duly adopted resolutions (i) authorizing the Corporation to execute and file with the Secretary of State of the State of Delaware this Certificate of Amendment of Certificate of Incorporation (this "Amendment") to increase its authorized capital stock to Seventy Million Five Hundred Thousand (70,500,000), of which Seventy Million (70,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share; and (ii) declaring this Amendment to be advisable, submitted to and considered by the stockholders of the Corporation entitled to vote thereon for approval by the affirmative vote of such stockholders in accordance with the terms of the Corporation's Certificate of Incorporation, as previously amended (the "Certificate of Incorporation") and Section 242 of the General Corporation Law of the State of Delaware (the "DGCL") and recommended for approval by the stockholders of the Corporation.

SECOND: That thereafter, pursuant to resolutions of its Board of Directors, at the annual meeting of the stockholders of said Corporation, duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, the necessary number of shares as required by statute were voted in favor of the Amendment.

THIRD: That this Amendment was duly adopted in accordance with the terms of the Certificate of Incorporation and the provisions of Section 242 of the DGCL by the Board of Directors and stockholders of the Corporation.

FOURTH: The Certificate of Incorporation is amended by amending Article IV thereof to read in its entirety as follows:

The total number of shares of capital stock which the Corporation is authorized to issue is Seventy Million Five Hundred Thousand (70,500,000), of which Seventy Million (70,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences, and rights and the qualifications, limitations, or restrictions thereof, of each such series of Preferred Stock, including without limitation, authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting such series and the designation thereof, or any of the foregoing. The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the

number of shares of any series, the number of which was fixed by it, subsequent to the issue of shares of such series then outstanding, subject to the powers, preferences, and rights and the qualifications, limitations, and restrictions thereof stated in the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Certificate of Incorporation to be signed by the President of the Corporation on December 17, 2018.

REED'S, INC.

By: _____
Name: Valentin Stalowir
Title: President and Chief Executive Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:07 PM 12/27/2019
FILED 04:07 PM 12/27/2019
SR 20198891386 - File Number 3433903

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF REED'S, INC.

Reed's, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: That the Board of Directors of the Corporation has duly adopted resolutions (i) authorizing the Corporation to execute and file with the Secretary of State of the State of Delaware this Certificate of Amendment of Certificate of Incorporation (this "Amendment") to increase its authorized capital stock to One Hundred Million Five Hundred Thousand (100,500,000), of which One Hundred Million (100,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share; and (ii) declaring this Amendment to be advisable, submitted to and considered by the stockholders of the Corporation entitled to vote thereon for approval by the affirmative vote of such stockholders in accordance with the terms of the Corporation's Certificate of Incorporation, as previously amended (the "Certificate of Incorporation") and Section 242 of the General Corporation Law of the State of Delaware (the "DGCL") and recommended for approval by the stockholders of the Corporation.

SECOND: That thereafter, pursuant to resolutions of its Board of Directors, at the annual meeting of the stockholders of said Corporation, duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, the necessary number of shares as required by statute were voted in favor of the Amendment.

THIRD: That this Amendment was duly adopted in accordance with the terms of the Certificate of Incorporation and the provisions of Section 242 of the DGCL by the Board of Directors and stockholders of the Corporation.

FOURTH: The Certificate of Incorporation is amended by amending Article IV thereof to read in its entirety as follows:

The total number of shares of capital stock which the Corporation is authorized to issue is One Hundred Million Five Hundred Thousand (100,500,000), of which One Hundred Million (100,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences, and rights and the qualifications, limitations, or restrictions thereof, of each such series of Preferred Stock, including without limitation, authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting such series and the designation thereof, or any of the foregoing. The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then

outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issue of shares of such series then outstanding, subject to the powers, preferences, and rights and the qualifications, limitations, and restrictions thereof stated in the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Certificate of Incorporation to be signed by the Chief Financial Officer of the Corporation on December 20, 2019.

REED'S, INC.

By: Thomas J. Spisak
Title: Chief Financial Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:44 PM 12/31/2020
FILED 04:44 PM 12/31/2020
SR 20208813444 - File Number 3433903

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF REED'S, INC.

Reed's, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: That the Board of Directors of the Corporation has duly adopted resolutions (i) authorizing the Corporation to execute and file with the Secretary of State of the State of Delaware this Certificate of Amendment of Certificate of Incorporation (this "Amendment") to increase its authorized capital stock to One Hundred Twenty Million Five Hundred Thousand (120,500,000), of which One Hundred Twenty Million (120,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share; and (ii) declaring this Amendment to be advisable, submitted to and considered by the stockholders of the Corporation entitled to vote thereon for approval by the affirmative vote of such stockholders in accordance with the terms of the Corporation's Certificate of Incorporation, as previously amended (the "Certificate of Incorporation") and Section 242 of the General Corporation Law of the State of Delaware (the "DGCL") and recommended for approval by the stockholders of the Corporation.

SECOND: That thereafter, pursuant to resolutions of its Board of Directors, at the annual meeting of the stockholders of said Corporation, duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, the necessary number of shares as required by statute were voted in favor of the Amendment.

THIRD: That this Amendment was duly adopted in accordance with the terms of the Certificate of Incorporation and the provisions of Section 242 of the DGCL by the Board of Directors and stockholders of the Corporation.

FOURTH: The Certificate of Incorporation is amended by amending Article IV thereof to read in its entirety as follows:

The total number of shares of capital stock which the Corporation is authorized to issue is One Hundred Twenty Million Five Hundred Thousand (120,500,000), of which One Hundred Twenty Million (120,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences, and rights and the qualifications, limitations, or restrictions thereof, of each such series of Preferred Stock, including without limitation, authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting such series and the designation thereof, or any of the foregoing. The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of

any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issue of shares of such series then outstanding, subject to the powers, preferences, and rights and the qualifications, limitations, and restrictions thereof stated in the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Certificate of Incorporation to be signed by the Chief Financial Officer of the Corporation on December 30, 2020.

REED'S, INC.

DocuSigned by:
Thomas J. Spisak
ED2035E423B24CF...

By: Thomas J. Spisak
Title: Chief Financial Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 09:56 AM 01/10/2022
FILED 09:56 AM 01/10/2022
SR 20220073127 - File Number 3433903

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF REED'S, INC.

Reed's, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: That the Board of Directors of the Corporation has duly adopted resolutions (i) authorizing the Corporation to execute and file with the Secretary of State of the State of Delaware this Certificate of Amendment of Certificate of Incorporation (this "Amendment") to increase its authorized capital stock to One Hundred Eighty Million Five Hundred Thousand (180,500,000), of which One Hundred Eighty Million (180,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share; and (ii) declaring this Amendment to be advisable, submitted to and considered by the stockholders of the Corporation entitled to vote thereon for approval by the affirmative vote of such stockholders in accordance with the terms of the Corporation's Certificate of Incorporation, as previously amended (the "Certificate of Incorporation") and Section 242 of the General Corporation Law of the State of Delaware (the "DGCL") and recommended for approval by the stockholders of the Corporation.

SECOND: That thereafter, pursuant to resolutions of its Board of Directors, at the annual meeting of the stockholders of said Corporation, duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, the necessary number of shares as required by statute were voted in favor of the Amendment.

THIRD: That this Amendment was duly adopted in accordance with the terms of the Certificate of Incorporation and the provisions of Section 242 of the DGCL by the Board of Directors and stockholders of the Corporation.

FOURTH: The Certificate of Incorporation is amended by amending Article IV thereof to read in its entirety as follows:

The total number of shares of capital stock which the Corporation is authorized to issue is One Hundred Eighty Million Five Hundred Thousand (180,500,000), of which One Hundred Eighty Million (180,000,000) shall be shares of Common Stock having a par value of $.0001 per share and Five Hundred Thousand (500,000) shall be shares of Preferred Stock having a par value of $10.00 per share. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences, and rights and the qualifications, limitations, or restrictions thereof, of each such series of Preferred Stock, including without limitation, authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting such series and the designation thereof, or any of the foregoing. The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of

any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issue of shares of such series then outstanding, subject to the powers, preferences, and rights and the qualifications, limitations, and restrictions thereof stated in the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Certificate of Incorporation to be signed by the Chief Financial Officer of the Corporation on January 6, 2022.

REED'S, INC.

DocuSigned by:
Thomas J. Spisak
ED2035E423B24CF...

By: Thomas J. Spisak
Title: Chief Financial Officer

Exhibit 4(vi)

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of March 22, 2022, Reed's, Inc.'s ("Reed's," the "Company," "we," "our," "us") common stock, par value $0.0001 per share ("Common Stock") was registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and listed on The Nasdaq Capital Market under the symbol "REED".

DESCRIPTION OF CAPITAL STOCK

The following is a summary of the material terms of our common stock. This summary does not purport to be exhaustive and is qualified in its entirety by reference to our certificate of incorporation, as amended ("Certificate") and our amended and restated bylaws, as further amended ("Bylaws") and to the applicable provisions of Delaware law.

We are authorized to issue 180,000,000 shares of common stock, $0.0001 par value. Holders of common stock are each entitled to cast one vote for each share held of record on all matters presented to shareholders. Cumulative voting is not authorized; the holders of a majority of our outstanding shares of common stock may elect all directors. Holders of common stock are entitled to receive such dividends as may be declared by our board out of funds legally available and, in the event of liquidation, to share pro rata in any distribution of our assets after payment of liabilities. Our directors are not obligated to declare a dividend. It is not anticipated that dividends will be paid in the foreseeable future. Holders of common stock do not have preemptive rights to subscribe to any additional shares we may issue in the future. There are no conversion, redemption, sinking fund or similar provisions regarding the common stock. All outstanding shares of common stock are fully paid and nonassessable.

As of March 22, 2021, we had 112,629,406 shares of common stock issued and outstanding.

Anti-Takeover Effects of Certain Provisions of Delaware Law and Our Certificate and Bylaws

We are subject to the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL"), an anti-takeover law. Subject to certain exceptions, the statute prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder unless:

- prior to such date, 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 number of shares outstanding those shares owned (1) by persons who are directors and also officers and (2) by 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

- on or after such date, 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 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

For purposes of Section 203, a "business combination" includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the date of determination whether the person is an "Interested Stockholder" did own, 15% or more of the corporation's voting stock.

In addition, our authorized but unissued shares of common stock are available for our board 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.

We are subject to the laws of Delaware on corporate matters, including their indemnification provisions. Section 102 of the DGCL permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the DGCL, as the same exists or may hereafter be amended, provides that a Delaware corporation may indemnify any persons who were, or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal. A Delaware corporation may indemnify any persons who are, were or are threatened to be made, a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests, provided that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an officer, director, employee, or agent is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses which such officer or director has actually and reasonably incurred.

Section 145 of the DGCL further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify him or her under Section 145 of the DGCL.

Our Certificate provides that, to the fullest extent permitted by Delaware law, as it may be amended from time to time, none of our directors will be personally liable to us or our stockholders for monetary damages resulting from a breach of fiduciary duty as a director. Our Certificate also provides discretionary indemnification for the benefit of our directors, officers and employees, to the fullest extent permitted by Delaware law, as it may be amended from time to time. Pursuant to our Bylaws, we are required to indemnify our directors, officers, employees and agents, and we have the discretion to advance his or her related expenses, to the fullest extent permitted by law.

We do currently provide liability insurance coverage for our directors and officers. We also have entered into indemnification agreements with certain of our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Transfer Agent and Registrar; Market Listing

The transfer agent for the Company's common stock is Transfer Online, Inc., telephone (503) 227-2950. Our common stock is listed on The Nasdaq Capital Market under the symbol "REED."

Exhibit 10.29

ROSENTHAL & ROSENTHAL, INC.
1370 Broadway
New York, NY 10018

November 24, 2021

Reed's Inc.
201 Merritt 7 Corporate Park
Norwalk, CT 06851

Ladies and Gentlemen:

Reference is made to the Financing Agreement entered into between us dated October 4, 2018, as amended and/or supplemented (the "**Financing Agreement**"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Financing Agreement.

This agreement ("**Agreement**") hereby amends the Financing Agreement as follows:

1. Section 1.6 of the Financing Agreement is hereby amended, in its entirety, as follows:

"1.6 "**Collateral Documents**" shall mean any and all security agreements, deposit account control agreements, mortgages and other documents executed and delivered to Lender to secure the Obligations including but not limited to the Pledged Securities, the Amended and Restated Pledge Agreement executed by John J. Bello and Nancy E. Bello, as Co-Trustees of THE JOHN AND NANCY BELLO REVOCABLE LIVING TRUST, under agreement dated December 3, 2012, executed contemporaneously with this Agreement ("**Pledge Agreement**") and the Control Agreement defined in the Pledge Agreement."

2. Section 1.17 is deleted in its entirety, and the following is added as a new Section 1.31(a):

"1.31(a) **"Pledged Securities"** shall have the meaning set forth in Section 2.1."

3. Section 2.1 is hereby amended and restated in its entirety so as to read as follows:

"Lender shall, in its commercially reasonable discretion, make loans to Borrower from time to time, at Borrower's request, which loans in the aggregate shall not exceed the up to the lesser of (A) the Maximum Credit Facility; or (B) the Loan Availability, which means (a) the Receivable Availability equal to up to eighty percent (80%) of the Net Amount of Eligible Receivables; plus (b) the Inventory Availability, which means the lesser of (A) (i) up to sixty-five percent (65%) of the lower of cost or market value of Eligible Inventory consisting of finished goods, but in no event more than up to eighty-five percent (85%) of the orderly appraised net liquidation value, as set forth in an appraisal obtained at Borrower's expense and issued by an appraiser satisfactory to Lender; plus (ii) the lesser of (x) up to thirty-five percent (35%) of Eligible Inventory consisting of raw materials, but in no event more than up to eighty-five percent (85%) of the net orderly liquidation value; or (y) one million dollars ($1,000,000), or (B) six million dollars ($6,000,000); plus a Permitted Overadvance (the "Permitted Overadvance") not to exceed (x) one million five hundred thousand dollars ($1,500,000) provided that the Obligations are secured by the value of securities having a fair market value determined by Lender on the date of this amendment of not less than two million dollars ($2,000,000) pledged to Lender by John J. Bello and Nancy E. Bello, as Co-Trustees of THE JOHN AND NANCY BELLO REVOCABLE LIVING TRUST, under agreement dated December 3, 2012, held in account #1134-4851 at Charles Schwab & Co., Inc., evidenced by that certain Pledge Agreement, and as to which Pledged Securities Lender has a first and only perfected security interest by the Control Agreement in form and substance acceptable to Lender (the **"**Pledged Securities"), plus (y) an additional two million five hundred thousand dollars ($2,500,000) provided that the Obligations are secured in the value of additional and similarly Pledged Securities having a fair market value determined by Lender on the date of this Amendment of not less than three million three hundred thousand ($3,300,000) and a limited personal guaranty of John J. Bello in form and substance acceptable to Lender and further provided that the Permitted Overadvance of this Subsection (y) is paid in full to Lender not later than March 31, 2022, at which time said personal guaranty will be discharged and the amount of Pledged Securities may be reduced to that amount required in Subsection (x) unless there then exists an Event of Default, minus such reserves as Lender may deem, in its sole discretion, to be necessary from time to time."

4. Section 9.1 (11) is amended and restated in its entirety so as to read as follows:

"(11) (a) if at any time the fair market value of the Pledged Securities as determined by Lender is less than one million seven hundred sixty-five thousand dollars ($1,765,000) and is not restored within three (3) business days to a value of two million dollars ($2,000,000) in substance satisfactory to Lender for the Permitted Overadvance provided in Section 2.1(x) or (b) if at any time the fair market value of the Pledged Securities as determined by Lender is less than three million three hundred thousand dollars ($3,300,000) and is not restored within three (3) business days in substance satisfactory to Lender until the Permitted Overadvance provided in Section 2.1(y) is paid in full as therein provided;

[Remainder of Page Left Intentionally Blank-Signature Page Follows]

Except as hereinabove specifically set forth, all of the terms and conditions of the Financing Agreement remain in full force and effect and shall continue unmodified.

Very truly yours,

ROSENTHAL & ROSENTHAL, INC.

By: */s/ Ian Brown*
Ian Brown, Vice President

Agreed:

REED'S INC.

By: */s/ Norman E. Snyder, Jr.*
Norman E. Snyder, Jr., CEO

By: */s/ Thomas J. Spisak*
Thomas J. Spisak, CFO and Secretary

[*Signature Page to Amendment to Financing Agreement*]

Exhibit 10.30

ROSENTHAL & ROSENTHAL, INC.
1370 Broadway
New York, NY 10018

March 30, 2022

John J. Bello
Nancy E. Bello
The John and Nancy Bello Revocable Living Trust
4063 N 97th Street
Scottsdale, AZ 85262

RE: A/C#1134-4851 (the "Collateral Account")

Dear Mr. and Mrs. Bello:

Reference is made to the Amended and Restated Pledge Agreement executed by The John and Nancy Bello Revocable Living Trust and Rosenthal & Rosenthal, Inc. dated November 24, 2021, with respect to the present and future obligations of Reed's Inc. to us (the "Pledge Agreement").

This will confirm that Rosenthal & Rosenthal, Inc. has received payment on account in the amount of $2,500,000 and that pursuant to the October 4, 2018 Financing Agreement, as amended ("Financing Agreement") (1) such sum has been applied to retire the Permitted Overadvance in Section 2.1(y) of the Financing Agreement, (2) the guaranty of John J. Bello dated November 24, 2021 is hereby discharged, and (3) the securities identified on Schedule "A" are hereby released from the security interest set forth in the Pledge Agreement. In all other respects the Financing Agreement, Loan Documents, Pledge Agreement and other Collateral Documents defined in the Financing Agreement remain in full force and effect.

Very truly yours,

ROSENTHAL & ROSENTHAL, INC.

By: */s/ Ian Brown*
Ian Brown
Vice President

[Signatures continued on following page]

CONSENTED AND ACKNOWLEDGED:

BORROWER:

REEDS'S INC.

By: */s/ Norman E. Snyder, Jr.* Dated: March 17, 2022
Norman E. Snyder, Jr., CEO

By: Dated: March 17, 2022
Thomas J. Spisak, CFO and Secretary

GUARANTOR:

Dated: March 17, 2022
JOHN J. BELLO

PLEDGOR:

THE JOHN AND NANCY BELLO REVOCABLE LIVING TRUST, under agreement dated December 3, 2012

By: */s/ John J. Bello* Dated: March 17, 2022
John J. Bello, Trustee

By: /s/ Nancy E. Bello Dated: March 17, 2022
Nancy E. Bello, Trustee

Consent:

/s/ John J. Bello Dated: March 17, 2022
John J. Bello, Trustor and Beneficiary

/s/ Nancy E. Bello Dated: March 17, 2022
Nancy E. Bello, Trustor and Beneficiary

Exhibit 10.31

LEDGERED ABL AGREEMENT

THIS LEDGERED ABL AGREEMENT ("Agreement") is made on this **28th day of March 2022** between **Reed's, Inc.**, a Delaware Corporation ("Sellers") and Alterna Capital Solutions LLC, a Florida Limited Liability Company ("Purchaser").

1. **Definitions and Index to Definitions**. The following terms shall have the following meanings. All capitalized terms not otherwise defined in this Agreement shall have the meaning set forth in the Uniform Commercial Code (the "UCC") as adopted in the Chosen State:

1.1. "Account" – the right to payment of a monetary obligation, whether or not earned by performance, for property that has been or is to be sold, licensed, assigned, or otherwise disposed of or for services rendered or to be rendered.

1.2. "Account Debtor" - any person who is obligated to Seller on an Account, Chattel Paper, or General Intangible.

1.3. "Advance Rate" – 90%, provided net dilution for the twelve (12) month trailing period is, and remains, less than 5.0% and which percent may be revised at any time by Purchaser in Purchaser's sole and reasonable discretion.

1.4. "Affiliate" - With respect to any person that is a corporation, each other person that owns or controls directly or indirectly the person, any person that controls or is controlled by or is under common control with the person, and each of that person's senior executive officers, directors, and partners and, for any person that is a limited liability company, that person's managers and members.

1.5. "Avoidance Claim" - Any claim that a payment received by Purchaser is a preference or otherwise avoidable under the United States Bankruptcy Code or any other debtor-relief statute.

1.6. "Balance Subject to Funds Usage Daily Rate" - The unpaid Face Amount due on all Purchased Accounts minus the Reserve Account.

1.7. "Business Day" – A day on which a bank is open for business in the Chosen State.

1.8. "Chosen State" - Florida.

1.9. "Clearance Days"- Three (3) Business Days.

1.10. "Closed" - An Account for which Purchaser has received full payment.

1.11. "Collateral" - All now owned and hereafter acquired personal property and fixtures, and proceeds thereof, (including proceeds of proceeds) of Seller including without limitation: Accounts including accounts receivable; Chattel Paper; Inventory; Equipment; Instruments, including Promissory Notes; Investment Property; Documents; Deposit Accounts; Letter of Credit Rights; General Intangibles; and Supporting Obligations and exclusive of all intellectual property of Seller now owned and hereafter acquire.

1.12. "Collateral Monitoring Fee" - $1,000.00, which shall be charged and paid on the last day of each month.

1.13. “Complete Termination” - Complete Termination occurs upon satisfaction of the following conditions: (i) payment in full of all Obligations of Seller to Purchaser; (ii) if Purchaser has issued or caused to be issued guarantees, promises, or letters of credit on behalf of Seller, acknowledgement from any beneficiaries thereof that Purchaser or any other issuer has no outstanding direct or contingent liability therein; and (iii) Seller and guarantors of the Obligations that remain employed by Seller have executed and delivered to Purchaser a general release in a form reasonably acceptable to Purchaser.

1.14. “Daily Fee” – the fee Seller shall pay to Purchaser on a daily basis on the unpaid Face Amount of a Purchased Account for each day that the Purchased Account has not been Closed, which shall be calculated as the Daily Fee Percentage multiplied by the unpaid Face Amount of Purchased Account. The Daily Fee shall begin to accrue on the Purchase Date. The initial Daily Fee Percentage shall be 0.00% and the Daily Fee Percentage shall increase or decrease on the same date as any change in the Prime Rate, by the Prime Rate Adjustment. A minimum monthly Daily Fee in the amount of $0.00 shall be charged based on average volume purchases of $0.00.

1.15. “Daily Fee Percentage” – 0.00%.

1.16. “Default Rate” shall mean 25% or the maximum interest rate allowed by law.

1.17.”Early Termination Fee” - See Section 23.1.

1.18. “Eligible Account” - An Account that is acceptable for purchase by Purchaser, as determined by Purchaser in its sole discretion.

1.19. “Events of Default” - See Section 21 herein.

1.20. “Exposed Payments” - With respect to an Account which Seller has repurchased or could be required to repurchase hereunder, payments received by Purchaser from or for the Account of a Payor that has become subject to a bankruptcy proceeding, to the extent such payments cleared the Payor’s deposit account within ninety (90) days of the commencement of said bankruptcy case.

1.21. “Face Amount” - The Face Amount due on an Account on the Purchase Date.

1.22. “Facility Fee” – 1.0% of the Maximum Amount, which the Seller shall pay at closing. Seller shall pay the Facility Fee on the first day of each Renewal Term.

1.23. “Funds Usage Daily Fee” – The fee the Seller shall pay to Purchaser on a daily basis on the Balance Subject to Funds Usage Daily Rate, which shall be calculated as the Funds Usage Percentage multiplied by the Balance Subject to Funds Usage Daily Rate. The Funds Usage Percentage shall be the Prime Rate plus 4.75% but at no time less than 8.00%. The Funds Usage Percentage shall increase or decrease on the same date as any change in the Prime Rate, by the Prime Rate Adjustment. If, at any time, the Sellers average, monthly, net funds employed does not equal, or exceed, $1,500,000, interest will be charged at the accounts receivable funds usage rate, and the monthly collateral monitoring fee will also be charged.

1.24. “Funds Usage Percentage” – 0.0222% per day.

1.25. “Ineligible Account” - An Account other than an Eligible Account as determined by Purchaser in its sole discretion.

1.26. “Invoice” - The document that evidences or is intended to evidence an Account. Where the context so requires, reference to an Invoice shall be deemed to refer to the Account to which it relates.

1.27. “Maximum Amount” –Up to $13,000,000 of net funds employed at any given time.

1.28. “Misdirected Payment Fee” – The fee the Seller shall pay to the Purchaser for each payment on account of a Purchased Account which has been received by Seller or by a third party (“Misdirected Payment”) and not paid to Purchaser w i t h 1 0 d a y s following the later of (a) the date of receipt of the Misdirected Payment by Seller or a third party or (b) the date of Seller’s knowledge of receipt of the Misdirected Payment by such third party. The amount of the Misdirected Payment Fee shall be 15% of the amount of the Misdirected Payment.

1.29. “Missing Notation Fee” – This fee will be waived for the first 60 days from the date of execution of this AGREEMENT. The fee the Seller shall pay to the Purchaser on the Purchase Date of an Invoice if the Invoice is missing a notice of assignment legend as required by Section 4 herein. The amount of the Missing Notation Fee shall be 15% of the Face Amount of the Invoice on the Purchase Date.

1.30. “Obligations” - All present and future Obligations and liabilities owing by Seller to Purchaser, whether direct or indirect, absolute or contingent, including Obligations and liabilities that are likely to become owing by Seller to Purchaser, including without limitation interest, fees, and costs, whether arising hereunder or otherwise, and whether arising before, during or after the commencement of any case filed under title 11 of the United States Bankruptcy Code or any other debtor relief proceeding in which Seller is a Debtor.

1.31. “Parties” - Seller and Purchaser.

1.32. “Payor” - An Account Debtor, other obligor, or entity obligated on an Account, making payment on behalf of such party.

1.33. “Prime Rate” - The Prime Rate published in the “Money Rates” table in *The Wall Street Journal*. If two or more Prime Rates are published in the “Money Rates” table for the same date, the highest of such rates shall be the Prime Rate. If the date upon which a change in the interest rate is to occur is a date upon which *The Wall Street Journal* is not published, or the Prime Rate is not available in the Money Rates table of *The Wall Street Journal* the Prime Rate shall be determined from the immediately preceding edition of *The Wall Street Journal* in which the Money Rates table and Prime Rate is available. If *The Wall Street Journal* ceases to be published or ceases to publish the Prime Rate in the Money Rates table, the Purchaser will choose a new index that is reasonably determined by Purchaser to be based upon comparable information.

1.34. Prime Rate Adjustment” – 0.0007% for every 0.25% change in the Prime Rate when compared to the existing Prime Rate.

1.35. “Purchase Date” - The date on which Purchaser has advised Seller in writing that it has agreed to purchase an Account

1.36. “Purchase Price” - The Face Amount of a Purchased Account on the Purchase Date.

1.37. “Purchased Account” - An Account purchased by Purchaser which is not Closed.

1.38. “Purchased Eligible Account” – An Eligible Account purchased by Purchaser which is not Closed.

1.39. “Renewal Term” – See Section 23.

1.40. “Required Reserve Amount” – The Reserve Percentage multiplied by the unpaid balance of all Purchased Accounts, plus all amounts due on Ineligible Accounts, plus all accrued fees and expenses.

1.41. “Reserve Account” - A bookkeeping account on the books of the Purchaser representing the portion of the Purchase Price which has not been paid by Purchaser to Seller, maintained by Purchaser to secure Seller’s performance with the provisions hereof.

1.42. “Reserve Percentage” - 100% minus the Advance Rate.

1.43. “Reserve Shortfall” - The amount by which the Reserve Account is less than the Required Reserve Amount.

1.44. “Term” - See Section 23.

1.45. Termination Date” - The earlier of (i) the date on which Purchaser terminates this Agreement pursuant to the terms hereof, or (ii) the end of the Term or the last Renewal Term which was not extended under Section 23.

2. **Assignment and Sale**. Seller hereby sells and shall continue to sell to Purchaser as absolute owner, and Purchaser hereby purchases and shall continue to purchase from Seller, with full recourse, Seller's Accounts as Purchaser determines in its sole discretion. Each Account shall be accompanied by such documentation supporting and evidencing the Account as Purchaser may request. Purchaser shall pay the Purchase Price of any Purchased Account, less (i) the Reserve Percentage multiplied by the Purchase Price and (ii) any amounts due to Purchaser from Seller, within two (2) Business Days of the Purchase Date. Seller represents that all Purchased Accounts are true, correct, and collectible and are sold to Purchaser free and clear of any claims. Purchaser may, but need not, purchase from Seller such Accounts as Purchaser determines to be Eligible Accounts.

3. Reserve Account.

3.1. Purchaser may pay any amounts due Seller hereunder by a credit to the Reserve Account.

3.2. Seller shall pay to Purchaser on demand the amount of any Reserve Shortfall.

3.3. So long as there is no existing Event of Default, Purchaser shall pay to Seller upon Seller's request, any amount by which the Reserve Account exceeds the Required Reserve Amount.

3.4. Purchaser may charge the Reserve Account with any Obligation.

3.5. Except as provided in Section 3.3, Purchaser may retain the Reserve Account until Complete Termination.

4. **Notice of Assignment and Lock Box**. Purchaser is hereby authorized to notify any Account Debtor obligated with respect to any Account that the underlying Account has been assigned to Purchaser by Seller and that payment thereof is to be made to the order of and directly and solely to Purchaser. All Invoices for Accounts sent by Seller to Account Debtors shall contain on the face of the Invoice the following statement: "This account is assigned and payable only to Reed's, Inc. c/o ACS. All payments shall be sent to Reed's Inc c/o ACS at: P.O. Box 936601, Atlanta, GA 31193-6601."

5. **Exposed Payments**. Upon termination of this Agreement Seller shall pay to Purchaser (or Purchaser may retain), to hold in a non-segregated, non-interest-bearing account the amount of all Exposed Payments (the "Preference Reserve"). Purchaser may charge the preference reserve with the amount of any Exposed Payments that Purchaser pays to the bankruptcy estate of the Payor that made the Exposed Payment, because of a claim asserted under Section 547 of the Bankruptcy Code. Purchaser shall refund to Seller from time to time that balance of the preference reserve for which a claim under Section 547 of the Bankruptcy Code can no longer be asserted due to the passage of the statute of limitations, settlement with the bankruptcy estate of the Payor or otherwise.

6. **Authorization for Purchases**. Subject to the terms and conditions of this Agreement, Purchaser is authorized to purchase Accounts upon telephonic, facsimile, or other instructions received from anyone Purchaser reasonably believes to be an officer, employee, or representative of Seller.

7. **Fees**. Seller shall pay to Purchaser throughout the Term and any Renewal Term of this Agreement, all applicable fees, which may include but are not limited to: the Collateral Monitoring Fee, Facility Fee, the Funds Usage Daily Fee, the Daily Fee, the Misdirected Payment Fee, Missing Notation Fee, and Early Termination Fee on the date(s) that each ~~f~~fee is due and payable as provided as set forth in Sections 1.12, 1.14, 1.17, 1.22, 1.23, 1.28, and 1.29. herein, and shall be charged by the Purchaser to the Reserve Account. All computations of interest and fees shall be made by Purchaser on the basis of a three hundred and sixty (360) day year, for the actual number of days elapsed. The actual number of days excludes the day on which the funds are advanced and includes the day on which the interest or fee is paid. Each determination by Purchaser of an interest rate hereunder shall be conclusive and binding for all purposes.

8. **Other Charges and Expenses**. Seller shall reimburse Purchaser for all costs and expenses incurred in connection with this Agreement, including but not limited to the following: $20.00 per wire, the actual UCC filing fees and other search costs, the actual field examination fees directly incurred by Purchaser in the administration of this Agreement, and all attorney's fees and costs actually incurred by Purchaser in connection with this Agreement (collectively, "Reimbursable Expenses."). Reimbursable Expenses are due at the time of payment of the applicable fees or expenses by Purchaser and may be charged to the Reserve Account at Purchaser's sole discretion.

9. **Repurchase of Accounts**. Seller shall within five (5) Business Days of demand by Purchaser repurchase any Purchased Account that Purchaser determines at any time is uncollectible for any reason or is otherwise no longer an Eligible Account and on such demand shall pay to Purchaser the then unpaid amount due on the Purchased Account, together with any accrued but unpaid fees relating to the Purchased Account. Purchaser shall retain its security interest in any Purchased Account repurchased by Seller.

10. **Security Interest**. To secure payment and performance of all present and future Obligations of Seller to Purchaser, Seller grants to Purchaser a continuing first priority security interest in and to the Collateral. Seller shall execute and deliver to Purchaser such documents and instruments, including without limitation, UCC-1 financing statements, as Purchaser may request from time to time in order to evidence and perfect its security interest in the Collateral. Seller authorizes Purchaser to file a UCC-1 financing statement, including without limitation, original financing statements, amendments, and continuation statements, in all jurisdictions and offices Purchaser deems appropriate which names Seller as the debtor and describes the Collateral. Notwithstanding the creation of this security interest, it is the intent of the Parties that the relationship of the Parties in respect to all Purchased Accounts shall at all times be that of purchaser and seller, and not that of lender and borrower, Purchaser is and shall not be a fiduciary of the Seller, although Seller may be a fiduciary of the Purchaser.

11. **Clearance Days**. Clearance Days shall be added to the date on which Purchaser receives any payment before such payment is credited to reduce outstanding amounts due hereunder.

12. **Authorization to Purchaser**. Seller will attempt to work with the Purchaser to develop a reasonable plan to implement, at Seller's sole expense, the powers identified in this Section 12. Notwithstanding the foregoing, Purchaser shall have sole discretion to exercise at any time any of the following powers until all of the Obligations have been fully satisfied and discharged: (a) receive, take, endorse, assign, deliver, accept and deposit, in the name of Purchaser or Seller, proceeds of any Collateral; (b) during an Event of Default, take or bring, in the name of Purchaser or Seller, all steps, actions, suits or proceedings deemed by Purchaser necessary or desirable to effect collection of or other realization upon all Collateral; (c) during an Event of Default, file any claim under (i) any bond or (ii) under any trust fund with respect to any of the foregoing issued for the benefit of Seller individually or as a member of a class or group; (d) during an Event of Default, with respect to any credit insurance policy in which Seller is an insured, in the name of Seller and/or Purchaser: (i) file a claim thereunder; and (ii) as required under the policy, assign to the insurer any rights that Seller and/or Purchaser may have in Seller's Accounts; (e) during an Event of Default, pay any sums necessary to discharge any lien, claim, or encumbrance which is senior to Purchaser's security interest in any assets of Seller, which sums shall be included as Obligations of and in connection with such sums the Default Rate shall accrue and shall be immediately due and payable on the Balance Subject to Funds Usage Daily Rate; (f) during an Event of Default, file in the name of Seller or Purchaser or both (i) mechanics lien or related notices, or (ii) claims under any payment bond, in connection with goods or services sold by Seller in connection with the improvement of realty; (g) during an Event of Default, ,notify any Account Debtor and/or Payor obligated with respect to any Account, that the underlying Account has been assigned to Purchaser by Seller and that payment thereof is to be made to the order of and directly and solely to Purchaser; (h) communicate directly with Seller's Account Debtors and/or Payors to verify the amount and validity of any Account created by Seller; (i) during an Event of Default, ,endorse and deposit on behalf of Seller any checks tendered by an Account Debtor "in full payment" of its obligation to Seller (and Seller shall not assert against Purchaser any claim arising therefrom, irrespective of whether such action by Purchaser effects an accord and satisfaction of Seller's claims, under §3-311 of the Uniform Commercial Code, or otherwise); and (j) during an Event of Default, in Purchaser's name or on behalf of Seller, with Seller to be bound thereby, extend the time of payment of, compromise or settle for cash, credit, return of merchandise, and upon any terms or conditions (collectively, a "Settlement"), all Accounts and discharge or release any Account Debtor or other obligor (including filing of any public record releasing any lien granted to Seller by such Account Debtor), without affecting any of the Obligations. . Seller hereby releases (i) any bank, trust company or other firm receiving or accepting such collections in any form, and (ii) Purchaser from any liability arising from any act or acts hereunder or in furtherance hereof, whether of omission or commission, and whether based upon any error of judgment or mistake of law or fact; provided however, Seller's release does not extend to acts of gross negligence or willful misconduct.

13. **ACH Authorization**. In order to satisfy any of the Obligations or to recover any overpayment made by Purchaser to Seller, Purchaser is authorized and may process electronic debit or credit entries through the ACH system to any deposit account of Seller.

14. Agreements by Seller.

14.1. During an Event of Default and otherwise upon written notice by Purchaser to Seller, Seller shall not (a) grant any extension of time for payment of any of its Accounts,(b) compromise or settle any of its Accounts for less than the full amount, (c) release in whole or in part any Payor, or (d) grant credits, discounts, allowances, deductions, or return authorizations for any Accounts.

14.2. Seller shall keep at its principal place of business for a period of five years all books of account and business records customary for the industry, which books and records are subject to inspection by Purchaser and its agents and representatives during normal business hours. Purchaser or its designee shall have immediate access, during reasonable business hours if prior to an Event of Default and at any time if on or after an Event of Default, to all premises where Collateral is located for the purposes of inspecting (and removing, if after the occurrence of an Event of Default) any of the Collateral, and Seller shall permit Purchaser or its designee to make copies of such books and records as Purchaser may request.

14.3. Seller shall give Purchaser thirty (30) Business Days' prior written notice of any proposed change to its present name, the address of its headquarters or where its books and records are located, any proposed purchase of a majority interest in its equity ownership or proposed purchase of all or substantially all of its assets, any management, and any proposed change to its jurisdiction of organization or type of legal organization.

14.4. Seller shall pay when due all of its payroll and other taxes and shall provide proof of payment to Purchaser.

14.5. Seller shall not create, incur, or permit the existence of any lien other than Permitted Liens upon any Collateral without prior consent of Purchaser, which consent will not be unreasonably withheld so long as the subordinate secured party and Purchaser enter into a consent agreement acceptable to Purchaser. As of the date of this Agreement, Purchaser consents to the existence of the liens identified on Schedule A attached hereto.

14.6. Seller shall provide Purchaser, within t w o (2) Business Days of receipt by Seller, copies of any business or legal notices, summonses, complaints, or other proceedings received by Seller.

14.7. Seller shall pay to Purchaser on the next banking day following the date of receipt by Seller the amount of (a) any payment on account of a Purchased Account; and (b) after the occurrence of an Event of Default, any payment on account of any Account. Seller shall hold the funds described herein in trust for Purchaser and such funds shall not be commingled with any funds of Seller.

14.8. Seller shall provide to Purchaser, within twenty (20) days of the end of each calendar month the following information: (a) a detailed aging of accounts receivable as of the last day of each month, (b) a detailed aging of accounts payable as of the last day of each month, (c) a detailed bank statement as of the last day of each month, and (d) internally prepared financial statements including a profit and loss statement and balance sheet.

14.9. Seller shall provide to Purchaser, within twenty (20) days of filing thereof, copies of the Seller's quarterly Federal withholding (Form 941) filings together with copies of tax deposit receipts or other proof of deposits pertaining thereto.

14.10. Seller shall provide to Purchaser, annually within 120 days after the close of Seller's fiscal year, financial statements, including a profit and loss statement and balance sheet.

14.11. In the event that Seller sends a notice of assignment to a Payor obligated with respect to any Account pursuant to Section 12(g), (a) Seller shall not direct such Payor to pay such Account to Seller or any other entity or individual, or undermine or interfere with such notice of assignment in any manner; and (b) Seller agrees that a violation of this Section 14.11 will put the value of the Collateral at risk and will cause irreparable harm to Purchaser and Purchaser shall be entitled to injunctive relief to prevent such violation without the necessity of proving that actual damages are not an adequate remedy. Purchaser will be entitled to any proceeds of Accounts received by Seller from such violation.

15. **Account Statement**. Purchaser may make available to Seller a statement setting forth the transactions arising hereunder. Each statement shall be considered correct and binding upon Seller as an account statement, except to the extent that Purchaser receives, within t h i r t y (30) days after the availability of such statement, written notice from Seller of any specific exceptions by Seller to that statement, and then it shall be binding against Seller as to any items to which it has not objected.

16. **Account Disputes**. Seller shall notify Purchaser of all disputes concerning any Purchased Account, and at Purchaser's request Seller shall settle all disputes concerning any Purchased Account, at Seller's sole cost and expense. Purchaser may attempt to settle, compromise, or litigate any dispute which is not adjusted by Seller within a reasonable time. upon such commercially reasonably terms, as Purchaser deems advisable. Following and during the continuance of an Event of Default, Purchaser may, at its option, revoke Seller's authority to settle or adjust disputes or to further communicate with account debtors.

17. **Overadvance**. If at any time and for any reason the total aggregate amount of outstanding Balance Subject to Funds Usage Daily Rate exceeds the eligible Purchased Accounts (any such excess being an "Overadvance"), without limiting the Purchaser's right to declare an Event of Default, Seller will upon demand by Purchaser, immediately pay to Purchaser in cash the amount of any such Overadvance, unless the Overadvance is preapproved, at which point the terms of the **Overadvance Rider to Ledgered ABL Agreement dated February 22, 2022** shall control. Without affecting Seller's obligation to immediately repay to Purchaser the amount of each Overadvance, Seller shall pay Purchaser a fee (the "Overadvance Fee") in an amount of $500.00 per each occurrence of an Overadvance, plus interest on such Overadvance at the Default Rate. Without limiting the foregoing, all Overadvances shall be deemed Obligations and shall be secured by the Collateral and guaranteed under all guaranties executed in connection with the Agreement.

18. **Representation and Warranties**. Seller represents and warrants that (a) Seller is fully authorized to enter into this Agreement; (b) this Agreement constitutes a legal and valid obligation that is binding upon Seller and that is enforceable against it; (c) Seller is in good standing in the state of its organization; (d) there are no pending actions, suits, or other legal proceedings of any kind (whether civil or criminal) now pending (or, to its knowledge, threatened) against Seller, the adverse result of which would in any material respect affect its property or financial condition, or threaten its continued operations; (e) Seller has not conducted business under or used any other name, whether legal or fictitious other than the use of the dba "Reed's Ginger Brew" in California; (f) the Purchased Accounts are and will (i) remain bona fide existing Obligations created by the sale and delivery of goods or the rendition of services in the ordinary course of its business, (ii) are unconditionally owed and will be paid to Purchaser without defenses, disputes, offsets, counterclaims, or rights of return or cancellation,(iii) not sales to any Affiliates of Seller, and (iv) "arm's length" transactions; (g) Seller has not received notice of actual or imminent bankruptcy, insolvency, or material impairment of the financial condition of any applicable Account Debtor regarding Purchased Accounts; (h) None of the Seller, any of its subsidiaries, any director or officer, or any employee, agent, or Affiliate, of the Seller or any of its subsidiaries is a person that is, or is owned or controlled by persons that are, (i) the subject of any sanctions administered or enforced by the US Department of the Treasury's Office of Foreign Assets Control, the US Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Hong Kong Monetary Authority or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions, including, without limitation, currently, Cuba, the Crimea region of Ukraine, Iran, North Korea, Sudan and Syria (i) None of the Seller or any of its subsidiaries, nor to the knowledge of the Seller, any director, officer, agent, employee, Affiliate or other person acting on behalf of the Seller or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of any applicable anti-bribery law, including but not limited to, the United Kingdom Bribery Act 2010 (the "UK Bribery Act") and the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"). Furthermore, the Seller and, to the knowledge of the Seller, its Affiliates have conducted their businesses in compliance with the UK Bribery Act, the FCPA and similar laws, rules or regulations and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

Indemnification. Seller hereby agrees to indemnify Purchaser and hold Purchaser harmless from and against any liability, loss, damage, suit or proceeding ever suffered or incurred by Purchaser (including attorneys' fee) as a result of Seller's failure to observe, perform or discharge Seller's duties hereunder or as a result of Seller's breach of any of the representations, warranties and covenants of this Agreement. This indemnity shall survive termination of this Agreement for any reason. Without limiting the generality of the foregoing, the Seller's indemnification shall include but not b e limited to, any loss arising out of the Purchaser's exercise of its rights pursuant to Section 12 herein and any assertion of any Avoidance Claim. With respect to an Avoidance Claim, Seller shall notify Purchaser within two (2) Business Days of Seller's becoming aware of the assertion of an Avoidance Claim. This provision shall survive termination of this Agreement.

19. **Disclaimer of Liability**. Purchaser will not be liable to Seller for any lost profits, lost savings or other consequential, incidental, punitive, or special damages resulting from or arising out of or in connection with this Agreement.

20. **Default and Events of Default**. Each of the following events will constitute an Event of Default hereunder only when and if such event is declared an "Event of Default" pursuant to written notice from Purchaser to Seller:

(a) Seller defaults in the payment of any Obligations and does not cure the default within three (3) Business Days of the default; (b) Seller fails to perform any covenant or agreement, provision or other undertaking under this Agreement; (c) any representation or warranty of the Seller contained in this Agreement proves to be ma te r ia l ly false or misleading; (d) Seller of the Obligations becomes subject to any debtor-relief proceedings; (e) any guarantor fails to perform or observe any of the guarantor's Obligations to Purchaser or shall notify Purchaser of its intention to rescind, modify, terminate or revoke any guaranty, or any guaranty shall cease to be in full force and effect for any reason whatever excluding termination of guarantor's employment with Seller; (f) any lien, garnishment, attachment or the like shall be issued against or shall attach to the Purchased Accounts, the Collateral or any portion thereof and the same is not released within five (5) days; a n d (g) Purchaser in its discretion, reasonably exercised, deems itself insecure with respect to the prospect of repayment or performance of any Obligations and Seller shall not on demand furnish other collateral or make payment on account, satisfactory to Purchaser, in its discretion, reasonably exercised.

PURCHASER'S FAILURE TO CHARGE OR ACCRUE INTEREST OR FEES AT ANY "DEFAULT" OR "PAST DUE" RATE SHALL NOT BE DEEMED A WAIVER BY PURCHASER OF ITS CLAIM FOR SUCH INTEREST OR FEES.

Upon the occurrence of any Event of Default, in addition to any rights Purchaser has under this Agreement or applicable law, Purchaser may immediately terminate this Agreement upon delivery of written notice to Seller, at which time all Obligations shall immediately become due and payable without notice.

20.1 At option of Purchaser, (i) from and after the occurrence of an Event of Default, and without constituting a waiver of any such Event of Default, and/or (ii) if the Obligations are not paid in full by the Termination Date, the Obligations shall bear interest at the Default Rate.

21. **Amendment and Waiver**. This Agreement may only be modified in writing signed by all Parties. No failure or delay in exercising any right shall impair any right that Purchaser has, nor shall any waiver by Purchaser be deemed a waiver of any default or breach occurring subsequently. Purchaser's rights and remedies are cumulative and not exclusive of each other or of any rights or remedies that Purchaser would otherwise have.

22. **Term and Termination Date**. This Agreement shall be effective when executed by all of the Parties, shall continue in full force and effect for thirty-six (36) months thereafter (the "Term"), and shall be further extended automatically annually (the "Renewal Term"), unless Seller provides written notice of its intention to terminate at least sixty (60) days prior the end of the respective Term or Renewal Term. Notwithstanding the preceding sentence, such termination shall not occur, and the Agreement shall continue as if no notice was given unless, on the Termination Date, Seller has fully repaid Purchaser all Obligations.

22.1. If Seller provides notice of its intent to terminate under Section 23 herein, then in addition to any other fees or amounts due under this Agreement, Seller agrees that it will pay Purchaser an Early Termination Fee equal to 3.0% of the Maximum Amount if this Agreement is terminated during the first twelve months of this Agreement, equal to 1.0% of the Maximum Amount if this Agreement is terminated during the second twelve months, and equal to 0.50% of the Maximum Amount if this Agreement is terminated during the third twelve months ("Early Termination Fee").

22.2. Purchaser may terminate this Agreement at any time by giving Seller one hundred fifty (150) days' prior written notice of termination, whereupon this Agreement shall terminate on the earlier date of one hundred fifty (150) days thereafter or the end of the then current Term or Renewal Term, upon which Termination Date Seller shall fully repay to Purchaser all Obligations.

23. **No Lien Termination without Release.** In recognition of the Purchaser's right to have its attorneys' fees and other expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of all Obligations by Seller, Purchaser shall not be required to record any terminations or satisfactions of any of Purchaser's liens on the Collateral unless and until Complete Termination has occurred. Seller understands that this provision constitutes a waiver of its rights under §9-513 of the UCC.

24. **Conflict**. Unless otherwise expressly stated in any other agreement between Purchaser and Seller, if a conflict exists between the provisions of this Agreement and the provisions of such other agreement, the provisions of this Agreement shall control.

25. **Severability**. In the event any one or more of the provisions contained in this Agreement is held to be invalid, illegal, or unenforceable in any respect, then such provision shall be ineffective only to the extent of such prohibition or invalidity, and the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

26. **Expenses**. In addition to those expenses set forth in Section 8 herein, Seller agrees to reimburse Purchaser the actual amount of all costs and expenses, including reasonable attorneys' fees and expenses, which Purchaser may incur (a) protecting, preserving or enforcing any lien, security or other right granted by Seller to Purchaser or arising under applicable law, whether or not suit is brought, including but not limited to the defense of any Avoidance Claims or the defense of Purchaser's lien priority; (b) for travel and attorneys' fees and expenses incurred in complying with any subpoena or other legal process in any way relating to Seller; and (c) for the actual amount of all costs and expenses, including reasonable attorneys' fees, which Purchaser may incur in enforcing this Agreement, or in connection with any federal or state insolvency proceeding commenced by or against Seller or any Payor, including those (i) arising out of an automatic stay, (ii) seeking dismissal or conversion of a bankruptcy proceeding or (iii) opposing confirmation of Seller's plan thereunder. All expenses will be subtracted from the Reserve Account and are payable by Seller upon demand by Purchaser. This provision shall survive termination of this Agreement.

27. **Entire Agreement**. This Agreement supersedes all prior or contemporaneous agreements and understandings between the Parties, verbal or written, express or implied, relating to the subject matter hereof. No promises of any kind have been made by Purchaser or any third party to induce Seller to execute this Agreement. No course of dealing, course of performance, or trade usage, and no parol evidence of any nature, shall be used to supplement or modify any terms of this Agreement.

28. **Choice of Law**. This Agreement shall be governed by, construed under, and enforced in accordance with the internal laws of the Chosen State.

29. **Jury Trial Waiver**. IN RECOGNITION OF THE HIGHER COSTS AND DELAY WHICH MAY RESULT FROM A JURY TRIAL, THE PARTIES HERETO WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (a) ARISING HEREUNDER, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

30. **Venue**; **Jurisdiction**. The Parties agree that any suit, action, or proceeding arising out of the subject matter or the interpretation, performance, or breach of this Agreement, shall, if Purchaser so elects, be instituted in the Courts of Orange County, Florida (each an "Acceptable Forum"). Each Party agrees that the Acceptable Forums are convenient to it, and each Party irrevocably submits to the jurisdiction of the Acceptable Forums, irrevocably agrees to be bound by any judgment rendered in connection with this Agreement and waives any and all objections to jurisdiction or venue that it may have under the laws of the Acceptable Forums or otherwise in those courts in any such suit, action, or proceeding. Should such proceeding be initiated in any other forum, Seller waives any right to oppose any motion or application made by Purchaser as a consequence of such proceeding having been commenced in a forum other than an Acceptable Forum.

31. **Counterparts**. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Delivery of an executed counterpart of the signature page to this Agreement by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement, and any Party delivering such an executed counterpart of the signature page to this Agreement by such means to any other Party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other Party, provided that the failure to deliver such manually executed counterpart shall not affect the validity, enforceability, or binding effect of this Agreement.

32. **Notice**. All notices required to be given to any Party shall be deemed given upon the first to occur of (i) transmittal sent by commercial overnight carrier, (ii) transmittal by electronic means to a receiver under the control of such Party; or (iii) actual receipt by such Party or an employee or agent of such Party. Notices shall be sent to the following addresses, or to such other addresses as each such Party may in writing hereafter indicate:

PURCHASER: Alterna Capital Solutions LLC
2420 Lakemont Avenue, Suite 350
Orlando, FL 32814
President, Eugene Stanley Carpenter
scarpenter@alternacs.com

SELLER: Reed's Inc.

201 Merritt 7
Norwalk, CT 06851
Chief Financial Officer, Thomas Spisak
tspisak@reedsinc.com

33. **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

34. **Assignment**. Purchaser may assign its rights and delegate its duties hereunder. Upon such assignment, Seller shall be deemed to have attorned to the assignee, shall owe the same Obligations to such assignee and shall accept performance hereunder from the assignee as if such assignee were Purchaser.

35. **Confidentiality and Nondisclosure**. The Parties agree that the terms of this Agreement, all business methods and trade secrets, and any and all other records and information clearly and specifically identified by the applicable Party as confidential will be held in strict confidence and treated as the confidential property of the other Party. A Party will not, except in the due performance of its duties or the enforcement of its rights under this Agreement, disclose any of the foregoing to any person, unless specifically authorized to do so in writing by the other Party or unless required by law. The provisions of this Section shall survive the termination of this Agreement. Purchaser acknowledges that Seller is a publicly traded company with public reporting and disclosure obligations pursuant to the Securities Exchange Act of 1934, as amended.

36. **Time of the Essence**. It is agreed that time is of the essence in all matters herein.

37. **Service of Process**. Seller agrees that Purchaser may affect service of process upon Seller by regular mail at the address set forth herein or at such other address as may be reflected in the records of Purchaser, or at the option of Purchaser by service upon Seller's agent for the service of process.

38. **Headings**. The title of this Agreement and the subject headings of the sections and subsections of this Agreement are included for the purposes of convenience and shall not affect the construction of interpretation of any of its provisions.

39. **Construction**. This Agreement and all agreements relating to the subject matter hereof are the product of negotiation and preparation by and among each party and its respective attorneys and shall be construed accordingly.

IN WITNESS WHEREOF the Parties hereto have affixed their hands and seals on the day and year first above written.

SELLER: Reed's, Inc.

By: Norman E Snyder
Name: Norman E. Snyder, Jr.
Title: Chief Executive Officer

PURCHASER: Alterna Capital Solutions LLC

By: Stan Carpenter
Name: Eugene Stanley Carpenter
Title: President

SCHEDULE A PERMITTED LIENS

(a) the security interests and liens of Purchaser;

(b) liens securing the payment of taxes, assessments or other governmental charges or levies either not yet overdue or the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to such Seller with respect to which adequate reserves have been set aside on its books;

(c) non-consensual statutory liens (other than liens securing the payment of taxes) arising in the ordinary course of such Seller's business to the extent: (i) such liens secure indebtedness which is not overdue or (ii) such liens secure indebtedness relating to claims or liabilities which are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or being contested in good faith by appropriate proceedings diligently pursued and available to such Seller, in each case prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books;

(d) zoning restrictions, easements, licenses, covenants and other restrictions affecting the use of real property which do not interfere in any material respect with the use of such real property or ordinary conduct of the business of such Seller as presently conducted thereon or materially impair the value of the real property which may be subject thereto;

(e) purchase money security interests in machinery and equipment (including capital leases);

(f) pledges and deposits of cash by any Seller after the date hereof in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security benefits consistent with the current practices of such Seller as of the date hereof;

(g) pledges and deposits of cash by Seller after the date hereof to secure the performance of tenders, bids, leases, trade contracts (other than for the repayment of indebtedness), statutory obligations and other similar obligations in each case in the ordinary course of business consistent with the current practices of Seller as of the date hereof; provided, that, in connection with any performance bonds issued by a surety or other person, the issuer of such bond shall have waived in writing any rights in or to, or other interest in, any of the Collateral in an agreement, in form and substance satisfactory to Purchaser;

(h) liens arising from (i) operating leases and the precautionary UCC financing statement filings (satisfactory to Purchaser) in respect thereof and (ii) equipment or other materials which are not owned by Seller located on the premises of such Seller (but not in connection with, or as part of, the financing thereof) from time to time in the ordinary course of business and consistent with current practices of such Seller and the precautionary UCC financing statement filings (satisfactory to Purchaser) in respect thereof;

(i) judgments and other similar liens arising in connection with court proceedings that do not constitute a Default, provided, that, (i) such liens are being contested in good faith and by appropriate proceedings diligently pursued, (ii) adequate reserves or other appropriate provision, if any, as are required by GAAP have been made therefor, and (iii) a stay of enforcement of any such liens is in effect; and

(j) any other liens to which Purchaser has consented in writing.

OVERADVANCE RIDER TO LEDGERED ABL AGREEMENT

This **OVERADVANCE RIDER TO LEDGERED ABL AGREEMENT** ("Rider") is dated as of March 28th, 2022 between **REED'S, INC.** ("Seller") and **ALTERNA CAPITAL SOLUTIONS LLC** ("Purchaser").

RECITALS

A. The Parties are parties to the Financing Agreement (as defined below) and wish to execute this Rider to provide for the making and repayment of Overadvances (as defined below).

B. The Parties wish that this amendment be effective as of the Effective Date.

NOW, THEREFORE, in consideration of the premises, and intending to be legally bound hereby, the Parties hereby agree as follows:

AGREEMENT

1. **DEFINITIONS.**

1.1 "**DEFAULT RATE**" – 25% PER ANNUM, OR THE MAXIMUM INTEREST RATE ALLOWED BY LAW, ABOVE THE OVERADVANCE RATE.

1.2 **"DUE DATE"** – NO LATER THAN THIRTY (30) DAYS AFTER INITIAL FUNDING OF THE OVERADVANCE AMOUNT.

1.3 "**EFFECTIVE DATE**" – THE DATE HEREOF.

1.4 **"FINANCING AGREEMENT"** – THAT CERTAIN LEDGERED ABL AGREEMENT DATED THE FEBRUARY 22, 2022 BETWEEN SELLER AND PURCHASER AS MAY HAVE BEEN AMENDED FROM TIME TO TIME.

1.5 "**OVERADVANCE**" – AS DEFINED IN THE FINANCING AGREEMENT.

1.6 "**OVERADVANCE RATE**" – PRIME PLUS 12.75%, BUT NOT LESS THAN 16.00%, PER ANNUM.

1.7 **"OVERADVANCE AMOUNT"** – UP TO $400,000.00.

1.8 "**OVERADVANCE RECEIVABLE**" – AN ACCOUNT IN PURCHASER'S GENERAL LEDGER REFLECTING THE UNPAID BALANCE OF THE OVERADVANCE OWED BY SELLER TO PURCHASER. THE PURPOSE OF THE OVERADVANCE IS ONLY TO HELP WITH SUPPORTING GROWTH AND TO PROVIDE ONGOING WORKING CAPITAL. THE OVERADVANCE IS ONLY AVAILABLE FOR USE BY THE SELLER IF THE EXCESS AVAILABLE INVENTORY EXCEEDS THE TOTAL ACCOUNTS RECEIVABLE NET FUNDS EMPLOYED. THE OVERADVANCE WILL BE CAPPED AT THE LESSER OF (I) THE OVERADVANCE AMOUNT OR (II) THE AMOUNT BY WHICH EXCESS AVAILABLE INVENTORY EXCEEDS ACCOUNTS RECEIVABLE NET FUNDS EMPLOYED.

1.9 "**PARTIES**" – SELLER AND PURCHASER.

1.10 "**PAYMENT PERIOD**" – PAYMENTS TO THE OVERADVANCE RECEIVABLE SHALL BE MADE EVERY FRIDAY UNTIL PAID IN FULL NO LATER THAN THE DUE DATE.

1.11 "**PERIODIC PAYMENT**" – A WEEKLY PAYMENT EQUAL TO A MINIMUM OF 25% OF THE UNPAID BALANCE OF THE OVERADVANCE RECEIVABLE, WITH THE REMAINING UNPAID BALANCE PAID IN FULL BY THE DUE DATE.

1.12 "**PURCHASER**" – SEE PREAMBLE.

1.13 "**RESERVE ACCOUNT**" – AS DEFINED IN THE FINANCING AGREEMENT.

1.14 "**RESERVE SHORTFALL**" – AS DEFINED IN THE FINANCING AGREEMENT.

1.15 "**SELLER**" – SEE PREAMBLE.

2. **OVERADVANCES.**

2.1 PURCHASER SHALL TRANSFER THE OVERADVANCE FROM THE RESERVE ACCOUNT TO THE OVERADVANCE RECEIVABLE ACCOUNT.

2.2 THE OVERADVANCE RECEIVABLE SHALL BE REPAID BY SELLER TO PURCHASER BY PAYMENT IN THE FULL AMOUNT, WITHIN THE PAYMENT PERIOD AS DEFINED IN SECTION 1.10 BY PURCHASER'S CHARGE TO THE RESERVE ACCOUNT. IN THE EVENT THE OVERADVANCE RECEIVABLE IS NOT PAID IN FULL BY THE DUE DATE, THE UNPAID AMOUNT OF THE OVERADVANCE RECEIVABLE SHALL ACCRUE INTEREST AT THE DEFAULT RATE AS DEFINED IN SECTION 1.1 UNTIL THE OVERADVANCE RECEIVABLE AMOUNT IS PAID IN FULL.

2.3 SELLER AGREES TO PAY PURCHASER THE PERIODIC PAYMENT AS DEFINED IN SECTION 1.11. IN THE EVENT THE PERIODIC PAYMENT IS NOT PAID ON TIME, THE OVERADVANCE RECEIVABLE SHALL BEGIN TO ACCRUE FEES AT THE DEFAULT RATE AS DEFINED IN SECTION 1.1.

2.4 INTEREST SHALL ACCRUE ON THE OVERADVANCE RECEIVABLE AT THE OVERADVANCE RATE AND SHALL BE CHARGED TO THE OVERADVANCE RECEIVABLE AS OF THE LAST DAY OF EACH MONTH FOLLOWING THE MONTH IN WHICH THE INTEREST HAS ACCRUED.

2.5 IN THE EVENT THAT THE CHARGING OF THE PERIODIC PAYMENT TO THE RESERVE ACCOUNT UNDER SECTION 2.4 CREATES A RESERVE SHORTFALL THAT IS NOT CURED BY THE NEXT PAYMENT PERIOD, THE OVERADVANCE RECEIVABLE SHALL ACCRUE FEES AT THE DEFAULT RATE UNTIL SUCH TIME AS THE RESERVE SHORTFALL IS CURED.

3. **EFFECTIVE DATE**

3.1 THIS RIDER SHALL BE EFFECTIVE AS OF THE EFFECTIVE DATE.

4. **CONFLICTS.**

4.1 IF A CONFLICT EXISTS BETWEEN THE PROVISIONS OF THE FINANCING AGREEMENT AND THE PROVISIONS HEREOF, THE PROVISIONS HEREOF SHALL CONTROL.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SELLER: **REED'S, INC.**

By: Norman E Snyder

Norman E. Snyder, Jr., Chief Executive Officer

PURCHASER: **ALTERNA CAPITAL SOLUTIONS LLC**

By: Stan Carpenter

Eugene Stanley Carpenter, President

INVENTORY FINANCE RIDER
TO LEDGERED ABL AGREEMENT

THIS INVENTORY FINANCE RIDER TO PURCHASING AND SECURITY AGREEMENT ("Rider") is made as of this **28 day of March 2022**, by and between **Alterna Capital Solutions LLC**, a Florida limited liability company ("Purchaser") and **Reed's, Inc.,** a Delaware corporation ("Seller") (collectively, Seller and Purchaser as "Parties").

RECITALS:

WHEREAS, Seller and Purchaser have previously entered into or contemplate entering into a Ledgered ABL Agreement ("Agreement"); and

WHEREAS, Seller may from time-to-time desire to obtain Advances (as such term is hereinafter defined) from Purchaser in order to finance and obtain working capital in respect to its Inventory and Purchaser is willing and may, from time-to-time hereafter, upon the terms and conditions set forth in this Rider, make Advances to or on behalf of Seller that will result in the sale of Accounts arising from the sale of Seller's Inventory to its customers;

AGREEMENT:

NOW THEREFORE, in consideration of the terms and conditions contained herein, and of any Advances, now or hereafter made by Purchaser to or on behalf of Seller, the Parties hereto hereby agree as follows:

1. Incorporation; Definitions.

1.1 The above-stated recitals are incorporated into this Rider.

1.2 The Parties acknowledge that each of the provisions contained in the Agreement between Seller and Purchaser are hereby incorporated into the terms of this Rider. All capitalized terms not otherwise defined in this Rider shall have the same meaning as defined in the Agreement. All other capitalized terms used in this Rider but not otherwise defined herein or in the Agreement shall have the meanings given to such terms under the Uniform Commercial Code in the Chosen State. In the event of any inconsistency between the provisions of the Agreement and this Rider, the terms of this Rider shall control.

1.3 "Balance Subject to Funds Usage Daily Fee" - The unpaid amount due on all inventory advances minus the Reserve Account.

1.4 "Daily Fee" – The fee the Seller shall pay to Purchaser on a daily basis on the unpaid amount of Advances for each day that the Advances have not been paid in full to Purchaser, which shall be calculated as the Daily Fee Percentage multiplied by the unpaid amount of the Advances. The Daily Fee shall begin to accrue on the date the Advance is made by Purchaser. The Daily Fee Percentage shall be as stated in the Agreement. A minimum monthly Daily Fee in the amount of $0.00 shall be charged based on average volume purchases of Invoices and Advances of $0.00.

1.5 "Funds Usage Daily Fee" – The fee the Seller shall pay to Purchaser on a daily basis on the Balance Subject to Funds Usage Daily Fee, which shall be calculated as the Funds Usage Percentage multiplied by the Balance Subject to Funds Usage Daily Fee. The Funds Usage Percentage shall be 0.0236%. The Funds Usage Rate is based on the Wall Street Journal Prime Rate, plus 5.25%, but not less than 8.50%. The Funds Usage Percentage shall increase and decrease on the same date as any change in the Prime Rate.

1.6 “Obligations” means all outstanding and unpaid Advances (as defined in Section 2.1.1 below), all fees, costs, interest, and other amounts due to Purchaser from Seller under this Rider, and all payments, fees, costs, interest, and other amounts due to Purchaser from Seller under the Agreement.

1.7 “Event of Default” as used in this Rider means any Event of Default as defined in the Agreement and any failure of Seller to fulfill its Obligations under this Rider.

2. Advances; Fees.

2.1 Advance Amounts.

2.1.1 Advance Amounts; Maximum Inventory Facility. Provided an Event of Default does not exist, Purchaser, from time to time and during the term of this Rider, at Seller’s request, may at Purchaser’s discretion and subject to all of the terms and conditions of this Rider and the Agreement, make advances (each an “Advance” and collectively the “Advances”) to or for the benefit of Seller in an aggregate amount up to and not to exceed, as of any date of determination the lessor of (i) fifty percent (50%) of Eligible Inventory (as defined in Section 2.8 below) valued at the lower of cost or market value or (ii) seventy-five (75%) of the net orderly liquidation value of the Eligible Inventory; provided, however, the Advances against Eligible Inventory shall at no time exceed one hundred percent (100%) of Eligible Accounts multiplied by the Advance Rate (the “Maximum Inventory Facility”).

2.1.2 Overadvance. If at any time and for any reason the sum of the total aggregate amount of outstanding Maximum Inventory Facility plus total aggregate amount of outstanding Balance Subject to Funds Usage Daily Fee exceeds the sum of the eligible Purchased Accounts plus Eligible Inventory (any such excess being an “Overadvance”), without limiting the Purchaser’s right to declare an Event of Default, Seller will upon demand by Purchaser immediately pay to Purchaser in cash the amount of any such Overadvance, unless the Overadvance is preapproved, at which point the terms of the Overadvance Rider to Ledgered ABL Agreement dated March 16, 2022 shall control. Without affecting Seller’s obligation to immediately repay to Purchaser the amount of each Overadvance, Seller shall pay Purchaser a fee (the “Overadvance Fee”) in an amount to be determined by Purchaser, but in any event no less than $500.00 per occurrence of an Overadvance, plus interest on such Overadvance at the Default Rate. Without limiting the foregoing obligations of the Seller, all Overadvances shall be deemed Obligations and shall be secured by the Collateral and guaranteed under any guaranty executed in connection with this Rider or the Agreement.

2.2 Fees and Payment Terms.

2.2.1 All fees and payments required to be paid under the terms of this Rider shall be in addition to all fees and payments required to be paid under the terms of the Agreement.

2.2.2 Fees. Seller shall pay Purchaser the following fees:

_____ Daily Fee
_X Funds Usage Daily Fee
_X Collateral Monitoring Fee

Such fee will be calculated monthly and charged against the Reserve Account, and at Purchaser’s discretion shall be payable on demand.

2.2.3 Collateral Monitoring Fee. To compensate Purchaser for overhead and other costs and expenses incurred by Purchaser related to monitoring the Overadvance and Eligible Inventory and the general administration of the financing facility evidenced hereby, Seller shall pay a Collateral Monitoring Fee stated in the Ledgered ABL Agreement and charged against the Reserve Account monthly.

2.2.4 Computation Period. All computations of interest and fees shall be made by Purchaser on the basis of a three hundred and sixty (360) day year, for the actual number of days occurring in the period for which such interest fee is payable. The actual number of days excludes the day on which the funds are advanced and includes the day on which interest or fee is paid. Each determination by Purchaser of an interest rate hereunder shall be conclusive and binding for all purposes.

2.2.5 Payment Location. All payments to Purchaser shall be payable at Purchaser's address set forth in the Agreement or at such other place or places as Purchaser from time to time may designate, in writing, to Seller.

2.2.6 Payment. Unless there is an Event of Default, Overadvance, or termination, Seller's repayment of Advances shall be payable from Purchaser's collection of Seller's Accounts, including those Accounts arising from Seller's sale of the Eligible Inventory to its customers. Notwithstanding anything to the contrary in this Section, Purchaser shall be entitled, at its sole discretion, to require payment of all fees, expenses, and interest due under this Rider upon demand, or, on the first day of each month (for any fees, expenses, or interest accruing during the immediately preceding month), and all such fees, expenses, and interest may be automatically deducted from the Reserve Account. Upon an Event of Default, Overadvance, or termination of the Rider of the Agreement by any Party, the balance of the Advances and all Obligations shall be payable by Seller to Purchaser upon demand by Purchaser

2.2.7 Collections. In the event Seller (or any entity with whom Seller is affiliated, any of its shareholders, directors, officers, employees, agents or those persons acting for or in concert with Seller or any affiliate) shall receive any cash, checks, motes, drafts or any other payment relating to an Account or other proceeds of Collateral, by no later than the first business day following receipt thereof by Seller, Seller shall deliver the same or cause the same to be delivered to Purchaser, at Purchaser's address set forth in the Agreement, for application on account of the Obligations. All cash payments and all checks, drafts, or similar items of payment by or for the account of Seller shall be the sole and exclusive property of Purchaser immediately upon the earlier of the receipt of such items by Purchaser or the receipt of such items by Seller. All payments made by or on behalf of and all credits due Seller may be applied and reapplied in whole or in part to any of the Obligations to the extent and in the manner Purchaser deems advisable.

2.2.8 Application of Payments and Collections. Seller irrevocably waives the right to direct the application of any and all payments and collections at any time or times hereafter received by Purchaser from or on behalf of Seller, and Seller does hereby irrevocably agree that Purchaser shall have the continuing exclusive right to apply and reapply any and all such payments and collections received at any time or times hereafter by Purchaser or its agent against the Obligations, in such manner as Purchaser may deem advisable, notwithstanding any entry by Purchaser upon any of its books and records.

2.3 Advances without Documentation. Each Advance made to Purchaser by Seller pursuant to this Rider may or may not (at Purchaser's sole and absolute discretion) be evidenced by notes or other instruments issued or made by Purchaser to Seller. Where such Advances are not so evidenced, such Advances shall be evidenced solely by entries upon Purchaser's books and records.

2.4 All Advances to Constitute Singular Advance. All evidences of Advances made by Purchaser to Seller under this Rider shall constitute one indebtedness and be deemed included in the Obligations of Seller to Purchaser under this Rider and shall constitute one such general obligation secured by Purchaser's security interest in all of the Collateral and by all other security interests, liens, claims and encumbrances heretofore, now, or at any time or times hereafter granted by Seller to Purchaser. Seller agrees that all of the rights of Purchaser set forth in this Rider shall apply to any modification of or supplement to this Rider.

2.5 Mandatory Prepayments. If, at any time during the term of the Rider, the total unpaid Advances shall exceed the lower of cost or market value of the Eligible Inventory (as defined in section 2.7 below) Seller shall immediately pay an amount equal to such excess within two (2) days of receiving notice from Purchaser. Purchaser shall have the sole discretion to determine the cost and market value of the Eligible Inventory based upon its appraisals of the Inventory, which may be obtained at any time at the discretion of the Purchaser.

2.6 Purpose of Advances. All Advances made under this Rider shall be used exclusively as working capital for the purpose of causing the sale of Seller's Eligible Inventory and the creation of Accounts. All sales of Eligible Inventory shall, unless excused in writing by Purchaser, be evidenced by written purchase orders, which purchase orders shall be deemed transferred, assigned and sold to Purchaser immediately upon each Advance made by Purchaser, which shall also give rise to the issuance and delivery of invoices evidencing the Accounts and which Accounts shall likewise be deemed transferred, assigned and sold solely and exclusively to Purchaser pursuant to and in accordance with the Agreement.

2.7 Eligible Inventory. "Eligible Inventory" shall mean Inventory which Purchaser, in its sole judgment, shall deem Eligible Inventory, based on such credit and collateral considerations as Purchaser may deem appropriate. On demand, Seller shall provide to Purchaser a then-current perpetual inventory report. At a minimum, before Inventory may qualify as Eligible Inventory, such Inventory must meet the following requirements: all such Inventory must be in good condition, meet all industry standards and standards or regulations imposed by any governmental agency, or department or division thereof, where or when applicable, having regulatory authority over such goods, their use and/or sale and must be currently useable or saleable in the normal course of Seller's business. Without limiting the generality of the foregoing, none of the following shall be deemed to be Eligible Inventory:

2.7.1 Inventory that is not owned by the Seller free of any title defect or any security interests or liens or interests of others, except for the security interest in favor of the Purchaser and statutory liens or encumbrances as may be permitted by this Rider and the Agreement.

2.7.2 Inventory that is located in a public warehouse or in the possession of a bailee or in a facility leased by the Seller or any of Seller's affiliates unless the applicable warehouseman, bailee or lessor (and its mortgagee, if any), has delivered to the Purchaser an agreement and such other documentation as the Purchaser may require.

2.7.3 Inventory that is covered by a negotiable document of title (such as a bill of lading or warehouse receipt).

2.7.4 Inventory that is in transit and has not physically arrived at an Eligible Inventory Location identified on Schedule A.

2.7.5 Inventory that is not held for sale or use in the ordinary course of the Seller's business and is not of good and merchantable quality.

2.7.6 Inventory that is not located in the United States of America (excluding territories and possessions thereof).

2.7.7 Inventory that consists of display items, raw material, work-in-process, parts, samples, and packing and shipping materials.

2.7.8 Inventory that is unsalable, damaged, defective, recalled or used, or inventory that has been returned by a customer, unless such returned items are of good and merchantable quality and held for resale by the Seller in the ordinary course of business.

2.7.9 Inventory that constitutes discontinued products (obsolete) or components thereof and is not immediately usable in a continuing product or slow moving (included in Seller's perpetual inventory report for more than 12 months).

2.7.10 Inventory that is not covered by insurance as required in Section 6.2.12 of this Rider.

2.7.11 Inventory that has been manufactured to the specifications of a particular customer.

2.7.12 Inventory that contains or bears any intellectual property rights licensed to the Seller unless the Purchaser is satisfied in its sole and absolute discretion that it may sell or otherwise dispose of such inventory without (i) infringing the rights of such licensor, (ii) violating any contract with such licensor, or (iii) incurring any liability with respect to payment of royalties other than royalties incurred pursuant to sale of such inventory under the current licensing agreement.

2.7.13 Inventory that is the subject of a consignment by the Seller as consignor.

2.7.14 Inventory that does not comply with any representation or warranty contained in this Rider.

2.7.15 Inventory that is not reflected in any summary schedule of inventory report of the Seller.

2.7.16 Capitalized overhead component of inventory.

2.7.17 Inventory produced in violation with of the Fair Labor Standard Acts and subject to the so-called "hot goods" provision contained in Title 29 U.S.C. Section 215(a)(1) (I am not sure this is necessary, but I have seen this)

2.7.18 Inventory that is otherwise not acceptable to the Purchaser.

2.8 Verification of Inventory; Inspection; Audit.

2.8.1 Seller shall authorize and/or cause any of Purchaser's officers, employees, or agents, including any certified public accounting firms or appraisal firms used by Seller, to verify the validity, amount or any other matter relating to any Inventory upon any request by Purchaser whether by mail, telephone or otherwise. Purchaser shall have the right, at any time during Seller's usual business hours, to inspect any of the business locations or premises of Seller, the Inventory, all records related to the Inventory (and to make extracts from such records), the premises upon which any of the Inventory is located, and all books and records relating to the Seller's Inventory or the collection thereof as well as those relating to Seller's general business and financial condition, to conduct appraisals of the Inventory, and the right, at any time, to discuss Seller's affairs and finances and the Inventory with any attorney, accountant or creditor of Seller.

2.8.2 During the term of this Rider, Seller will provide to Purchaser the following information:
(a) monthly information consisting of: financial statements (profit and loss statement and balance sheet), an aging of accounts payable as of the last day of each month and copes of Seller's quarterly federal 941 filings together with copies of tax deposit receipts or otherwise proof of deposits pertaining thereto; and (b) annual information consisting of: financial statements (profit and loss statement and balance sheet), within 90 days after the close of Seller's fiscal year.

3. Security Interest.

3.1 In order to secure Seller's timely performance of all Obligations, Seller hereby grants to Purchaser a security interest in all of the Collateral, including but not limited to all patents, trademarks, and licenses of the Seller that are associated with the Inventory. Seller shall execute and deliver to Purchaser all documents and instruments, including without limited, UCC-1 financing statements, as Purchaser may request from time to time in order to evidence and perfect the Purchaser's security interest, including but not limited to the documents and instruments necessary to perfect the security interest in patents, trademarks, and licenses, if applicable. Seller authorizes Purchaser to file a UCC-1 financing statement, including without limitation, original financing statements, amendments, and continuation statements, in all jurisdictions and offices Purchaser deems appropriate which names Seller as the debtor and describes the Collateral. Notwithstanding the creation of this security interest, it is the intent of the parties that the relationship of the parties in respect to all Purchased Accounts shall at all times be that of purchaser and seller, and not that of lender and borrower; however, the grant of this security interest and actions taken with respect thereto to perfect such security interest are taken out of an abundance of caution in the event that the relationship is deemed to be that of lender and borrower.

4. General Warranties and Representations.

4.1 Seller expressly reaffirms each of the Agreements by Seller and Representations and Warranties made in the Agreement. Furthermore, each request for an Advance made by Seller pursuant to this Rider shall constitute (i) a warranty and representation by Seller to Purchaser that there does not then exist an Event of Default or any event or condition which, with notice, lapse of time or both and/or the making of such Advance, would constitute an Event of Default and (ii) a reaffirmation as of the date of said request of all of the representations and warranties of Seller contained in this Rider and in the Agreement as if such representations and warranties were made on the date of such request.

5. Inventory Warranties and Representations.

5.1 With respect to all of Seller's Inventory, Seller warrants and represents to Purchaser that during the term of this Rider and so long as any of the Obligations remain unpaid: (a) in determining which Inventory is "Eligible Inventory," Purchaser may rely upon all statements or representations made by Seller; (b) the total inventory report is accurate and correctly describes the inventory; and (c) that Inventory designated as Eligible Inventory on any reports or certificates provided by Seller shall meet each and every eligibility requirement at the time any report or certificate is provided to Purchaser.

5.2 During the term of this Rider and the Agreement, Seller covenants that:

5.2.1 Seller shall maintain books and records pertaining to the Inventory in such detail, form and scope as Purchaser shall require. Seller agrees that Purchaser, or its agents, may enter upon Seller's premises at any time and from time to time for the purpose of inspecting the Inventory and any and all records pertaining thereto. Seller shall keep correct and accurate records of the cost therefore and selling price of all Inventory, and all daily withdrawals and additions thereto, and same shall be reported to Purchaser weekly (or as frequently as required by Purchaser) by location, category, description, number of units, dollar value and such other details as desired by Purchaser shall be submitted to Purchaser bi-weekly (or as otherwise required by Purchaser). Seller shall notify Purchaser immediately of any change to its costing methods used for valuing Inventory. Seller shall furnish to Purchaser a summary schedule of Inventory, evidencing the results of a physical Inventory which shall be conducted no less than quarterly and be supported by copies of an Inventory summary. Seller shall provide Purchaser with such information and, upon request, all documents, including, without limitation, copies of invoices relating to Seller's purchase of goods listed on said schedule.

5.2.2 Seller shall sell Inventory only in the ordinary course of its business (which does not include a transfer in partial or total satisfaction of any debt).

5.2.3 Seller shall be liable and/or responsible for; (i) the safekeeping of all Inventory; (ii) any loss or damage thereto or destruction thereof occurring or arising in any manner or fashion from any cause; (iii) any diminution in the value of Inventory; or (iv) any act or default of any carrier, warehouseman, bailee or forwarding agency thereof or other person in any way dealing with or handling Inventory.

5.2.4 All Invoices giving rise to Accounts covering the sale of Inventory or Goods shall be assigned to Purchaser as Purchased Accounts in accordance with the provisions of the Agreement and the proceeds thereof, if collected by Seller, are to be remitted to Purchaser in accordance with, pursuant to and under the constraints imposed by the Agreement. Cash sales of Inventory or sales in which a lien upon or security interest in the Inventory is retained shall only be made by Seller upon Purchaser's prior written approval and the proceeds of such sales, whether cash, documents, or instruments, shall not be commingled with Seller's or other property, but shall be segregated, held by Seller in trust for Purchaser, as Purchaser's exclusive property, and shall be delivered immediately by Seller to Purchaser in the identical form received.

5.2.5 Unless Purchaser, in its sole and absolute discretion, requires otherwise, all Inventory is and shall remain stored on Seller's Inventory Locations as identified in Schedule A unless it is Inventory in transit. Notwithstanding the locations disclosed on Schedule A, Purchaser shall have the right, in its sole and exclusive discretion, to require Seller to store such Inventory at another facility, whether under the control of Purchaser or Seller and any and all costs, fees and expenses incurred for of the moving and/or storage of such Inventory shall be borne exclusively by Seller.

5.2.6 No Inventory is or may at any time be subject to any lien or security interest whatsoever, except for the security interest granted to Purchaser, or is a lien or Security interest that is contractually waived or subordinated to the security interest of Purchaser in a manner, form, and substance satisfactory to Purchaser.

5.2.7 Seller shall promptly pay when due all taxes, assessments, and any other form of claim that may be levied or assessed in respect to or upon the Inventory. In the event Seller, at any time hereafter, shall fail to pay such taxes or other assessments or to promptly obtain the discharge of same, Seller shall so advise Purchaser thereof in writing and Purchaser may, without waiving or releasing any liability of Seller hereunder or any Event of Default, in its sole discretion and without notice to Seller at any time or time thereafter make such payment, or any part thereof, or obtain such discharge and take any other actions with respect thereto which Purchaser deems advisable. All sums so paid by Purchaser and any expenses, including reasonable attorney's fees, court costs, expenses and other charges relating thereto, shall be payable upon demand, by Seller to Purchaser and shall constitute a portion of the Obligations hereunder secured by, *inter alia*, the Inventory.

5.2.8 No Inventory shall at any time or times be stored with a bailee, warehouseman or similar party unless Purchaser, in its sole and absolute discretion, expressly agrees. If the Purchaser agrees to allow the Inventory to be stored with a bailee, warehouseman or similar party, then Purchaser's agreement shall be expressly conditioned upon Seller causing such bailee, warehouseman or similar party to whom Inventory or Goods is delivered to forthwith issue and deliver to Purchaser, in form and substance acceptable to Purchaser, warehouse receipts in Purchaser's name and/or a written waiver of lien rights. If any Inventory at any time or times is stored with a bailee, warehouseman or similar party, then the Purchaser shall hold additional reserves to account for and cover the bailee, warehouseman or similar party's storage fees and other costs or fees.

5.2.9 Seller agrees to notify Purchaser promptly of any change in Seller's name, mailing address, principal place of business or location of the Inventory. Seller shall also promptly notify Purchaser of any substantial change relating to the type, quantity or quality of the Inventory, or any event which would have a material effect on the value of the Inventory, including but not limited to any discontinued brand or SKU.

5.2.10 No Inventory may be placed by Seller on consignment with any person.

5.2.11 Seller shall comply with all laws, statutes, regulations, and ordinances of any governmental entity, or of any agency thereof, applicable to Seller a violation of which, in any respect, may materially and adversely affect the Inventory; provided that Seller may contest any law, statute, regulation or ordinance in any reasonable manner which will not, in Purchaser's sole discretion, adversely affect Purchaser's rights or the priority of the lien or security interest in the Inventory.

5.2.12 Seller shall, at its sole cost and expense, keep and maintain insurance on the Inventory for its full insurable value against loss or damage by fire, theft, explosion, sprinklers, business interruptions and all other hazards and risks ordinarily insured against by other owners or users of such properties. All policies of insurance on the Inventory shall (i) be in form and with insurers acceptable to Purchaser, (ii) be in such amounts as may be satisfactory to Purchaser, (iii) provide that in respect of the respective interest of such parties, the insurance shall not be invalidated by any action, inaction or breach of warranty, declaration, or condition by any Seller or any other person (other than Purchaser), and (iv) provide that the insurers shall waive any right of subrogation against Purchaser. Seller shall deliver to Purchaser the original (or certified copy) of each issued Certificate of Insurance for each policy of insurance and evidence of payment of all premiums therefor and such delivery shall constitute a pledge of and security interest in such policy. Such policies of insurance shall contain an endorsement in form and substance acceptable to Purchaser, showing that, as may be required by Purchaser, Purchaser is either a co-insured or is recognized as the loss payee under the policy. Such endorsement or an independent instrument furnished to Purchaser, shall provide that the insurance companies will give Purchaser at least thirty days prior written notice before any such policy or policies of insurance shall be altered or canceled and that no act or default of Seller or any other person shall affect the right of Purchaser to recover under such policy or policies of insurance in case of loss or damage. Seller hereby agrees to direct all insurers under such policies of insurance to pay all proceeds payable thereunder and any refunds or overpayments of premiums directly to Purchaser. Seller irrevocably makes, constitutes, and appoints Purchaser as Seller's true and lawful attorney (and agent-in-fact) for the purpose of making, settling, and adjusting claims under such policies of insurance, endorsing the name of Seller on any check, draft, instrument, or other items of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance.

6. Term and Termination.

6.1 The initial Term of this Rider shall be for the Term of the Agreement or Three (3) years from the initial Advance of funds by the Purchaser, whichever is earlier, and the initial period shall be automatically extended for successive one (1) year periods thereafter ("Renewal Terms"), unless terminated as provided in this Rider.

6.2 Seller may terminate this Rider upon the same terms as set forth in the Agreement.

6.3 Purchaser may terminate this Rider at any time after the date of this Rider by giving Seller thirty (30) days written notice of such termination. Upon the occurrence of an Event of Default by Seller or termination, however occurring, under either the Agreement or this Rider, Purchaser may terminate this Rider immediately, without notice. Upon the effective date of termination, whether such termination is pursuant to the occurrence of an Event of Default or otherwise, all Obligations shall become immediately due and payable without notice or demand.

6.4 Upon termination, however occurring, Seller covenants and agrees that Seller shall deliver to Purchaser such documents, agreements, releases, and indemnifications as Purchaser may require in order to release and indemnify Purchaser from any and all claims and causes of action arising out of this Rider. Purchaser covenants and agrees that Purchaser shall be under no obligation to release its security interest in the Collateral until such time as Purchaser has received such documentation.

7. Events of Default: Rights and Remedies on Default.

7.1 Acceleration of Obligations. Upon the occurrence of any Event of Default, Purchaser may, in its sole discretion, accelerate the maturity of the Obligations and charge interest on the Obligations at the Default Rate.

7.2 Rights and Remedies on Default. Upon and after an Event of Default, Purchaser shall have all of the rights and remedies of a secured party under the Uniform Commercial Code or other applicable law to the extent permitted by law and all rights and remedies contained in the Agreement, expressly including but not limited to the right to charge interest on all Obligations at the Default Rate. In addition, upon and after an Event of Default, Purchaser shall have the following rights and remedies: (a) the right to (i) enter upon the premises of Seller or any subsidiary, without any obligation to pay rent, through self-help and without judicial process, without first obtaining a final judgment of giving Seller notice and opportunity for a hearing on the validity of Purchaser's claim, or any other place or places where the Inventory is located and kept, and remove the Inventory therefrom to the premises of Purchaser or any agent of Purchaser, for such time as Purchaser may desire, in order to effectively collect or liquidate the Inventory, and/or (ii) require Seller and any subsidiary to assemble the Inventory and make it available to Purchaser at a place to be designated by Purchaser, in its sole discretion; (b) the right to (i) do all acts and things necessary, in Purchaser's sole discretion, to fulfill Seller's obligations under this Rider; (ii) endorse the name of Seller or any subsidiary upon any chattel paper, document instrument, invoice, freight bill, bill of lading or similar document or agreement relating to the Inventory; (iii) use the information recorded on or contained in any data processing Equipment and computer hardware and software relating to the Inventory to which Seller has access; (c) the right to (i) sell or to otherwise dispose of all or any Inventory in its then condition, or after any further manufacturing or processing thereof, at public or private sale or sales, with such notice as may be required by law, in lots or in bulk, for cash or on credit, all as Purchaser, in its sole discretion, may deem advisable and (ii) conduct such sales on Seller's or any subsidiary's premises or elsewhere and use Seller's or any subsidiary's premises without charge for such sales for such times as Purchaser may see fit. Purchaser is hereby granted a license or other right to use, without charge, Seller's and any subsidiary's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature, as it pertains to the Inventory, in completing production of, advertising for sale and selling any Inventory and Seller's or any subsidiary's rights under all licenses and all franchise agreements shall inure to Purchaser's benefit. Purchaser shall have the right to sell, lease or otherwise dispose of the Inventory, or any part thereof, for cash, credit, or any combination thereof, and Purchaser may purchase all or any part of the Inventory at public or, if permitted by law, private sale, and in lieu of actual payment of such purchase price, may set off the amount of such price against the Obligations. The proceeds realized from the sale of any Inventory shall be applied first to the reasonable costs, expenses and attorneys' fees and expenses incurred by Purchaser for collection and for acquisition, completion, protection, removal, storage, sale and deliver of the Inventory; second, to any interest due on any Obligations; and third to all other Obligations. If any deficiency shall arise, Seller shall remain liable to Purchaser therefor; (d) the right to postpone or adjourn any sale of the Inventory from time to time by an announcement at the time and place of sale or by announcement at the time and place of such postponed or adjourned sale, without being required to give a new notice of sale.

7.3 Remedies Cumulative and Non-Exclusive. The remedies of Purchaser hereunder are cumulative and non-exclusive and the exercise of any one or more of the remedies provided herein shall not be construed as a waiver of any other remedies which Purchaser may have under this Rider or any other agreement between Seller and Purchaser.

7.4 No Preservation or Marshalling. Seller agrees that Purchaser has no obligation to preserve rights to the Collateral against prior parties or to marshall any Collateral for the benefit of any person.

7.5 Notice of Inventory Disposition. Any notice required to be given by Purchaser of a sale, lease, other disposition of the Inventory or any other intended action by Purchaser, deposited in the United States Mail, certified mail, return receipt requested, postage prepaid and duly addressed to Seller, at the address set forth in the Agreement, five (5) days prior to such proposed action, shall constitute commercially reasonable and fair notice thereof to Seller.

8. Severability. Wherever possible, each provision of this Rider shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Rider 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 provision or the remaining provisions of this Rider.

9. Integration and Counterparts.

9.1 This Rider is intended to supplement and be construed in conjunction with the Agreement and all right available to Purchaser under the Agreement shall, likewise, be available in respect to any right under this Rider. Notwithstanding the above, this Rider constitutes a complete agreement of the Parties as to its content and is intended to be a fully integrated agreement. There are no provisions of any nature whatsoever relating to the subject matter of this Rider which are not contained herein. This Rider, which is subject to modification only in writing, is supplementary to, and is to be considered a part of, the Agreement, shall take effect when dated, accepted, and signed by one of the officers of Purchaser.

9.2 No representations or statements of any kind, other than as contained herein and in the Agreement, have been made by the Parties hereto or any of their agents or representatives. This Rider supersedes all prior negotiations, offers and discussions with respect to the subject matter hereof and shall be construed in conjunction with the Agreement.

9.3 In the event this Rider is executed subsequent to the Agreement, Seller acknowledges that by the execution and acceptance of this Rider by Purchaser, Seller does herewith release, discharge, and acquit Purchaser from any and all claims, known or unknown, asserted or unasserted, in contract, tort or otherwise, relating to or arising under the Agreement which have accrued as of the date of execution of this Rider.

9.4 This Rider may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Delivery of an executed counterpart of the signature page to this Rider by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Rider, and any Party delivering such an executed counterpart of the signature page to this Rider by such means to any other Party shall thereafter also promptly deliver a manually executed counterpart of this Rider to such other Party, provided that the failure to deliver such manually executed counterpart shall not affect the validity, enforceability, or binding effect of this Rider.

10. Attorneys' Fees. Seller agrees to reimburse Purchaser for any attorney's fees incurred in connection with this Rider under the terms provided in section 24 of the Agreement.

IN WITNESS WHEREOF, the Parties have hereunto set their hand and seal as of the day and year specified at the beginning hereof.

REED'S, INC.

By: Norman E Snyder

Name: Norman E. Snyder, Jr.
Title: Chief Executive Officer
Address: 201 Merritt 7
Norwalk, CT 06851

ALTERNA CAPITAL SOLUTIONS LLC

By: Stan Carpenter

Name: Eugene Stanley Carpenter
Title: President

SCHEDULE A

ELIGIBLE INVENTORY LOCATIONS

To be determined

FORM OF VALIDITY GUARANTY

Date:

ALTERNA CAPITAL SOLUTIONS, LLC
2420 Lakemont Avenue, Suite 350
Orlando, FL 32814

In order to induce you to enter into a Financing Agreement, with REED'S INC. (hereinafter referred to as the "Client"), dated March 16, 2022 (the "Financing Agreement") and/or to continue under or to refrain at this time from terminating your present arrangement with the Client, and in consideration of your so doing, the undersigned represents and warrants to you that, to the best of his knowledge in his capacity as Chief Financial Officer of Client, (a) each and every Receivable referred to or defined in the Financing Agreement and in which the Client has granted you a security interest will (i) represent a bona fide existing obligation of a customer of the Client and owing to the Client and arising in the ordinary course of its business; (ii) be due and owing to the Client without defense, offset or counterclaim; and (iii) will have arisen from the Client's delivery of the goods or services in accordance with the terms of the purchase order ; (b) all remittances received by the Client on account of Receivables will be held by the Client as your property; and (c) the Client will immediately deliver, to you, the identical checks, monies or other forms of payment received.

The undersigned further represents and warrants that, to the best of his knowledge as Chief Financial Officer of Client (i) reports provided to you by the Client as to inventory in the possession of the Client (the "Inventory Reports") will be accurate as to description, quantity, quality and unit value of the inventory identified in such reports at the time of tender of such reports; (ii) the inventory identified in the Inventory Reports shall actually be, at the time of tender of such reports, at the locations described in the such reports.

This agreement shall continue in full force and effect until actual receipt by you from the undersigned of written notice of cancellation, but such cancellation shall be applicable only to transactions having their inception thereafter and in no way shall affect the continuing liability of those of the undersigned who do not give you such notice.

The undersigned will, at all reasonable times, and at your request and expense, assist you in the collection and liquidation of the Receivables.

The undersigned further agrees that in the event of any breach of the warranties and representations herein contained that is found by a final judgment of a court of competent jurisdiction (not subject to appeal), to have resulted primarily and directly from fraudulent conduct of the undersigned, the undersigned shall be liable to you for any loss or damage (including without limitation costs, expenses and reasonable attorneys' fees) suffered by you solely a result of the breach of the representations contained herein (such loss or damage, the "Damages") to the extent not otherwise recoverable by you from the Client or its insurance providers.

The undersigned shall not be liable for Damages arising from the breach of representations contained herein with respect to (i) Receivables arising on or after the Termination Date, as hereinafter defined; or (ii) Inventory Reports issued after the Termination Date. The Termination Date means the date which is 30 days after your receipt of notice from the undersigned that the undersigned is no longer an officer, director or employee of the Client.

This agreement shall be construed and governed by the laws of the state of Florida. Terms that are used herein but are not defined herein but are defined in the Financing shall have meanings ascribed to such terms in the Financing Agreement and any supplements and/or amendments thereto.

DATED:

_____

Name
Address:

Exhibit 22(ii)

Affiliate Guarantor of Reed's, Inc.

On March 11, 2021, we entered into an amendment to that certain Financing Agreement dated October 4, 2018, as amended or supplemented with our senior secured lender, Rosenthal & Rosenthal, Inc. ("Rosenthal") releasing and replacing that irrevocable standby letter of credit by Daniel J. Doherty, III and Daniel J. Doherty, III 2002 Family Trust in the amount of $1.5 million, which served as financial collateral for certain obligations of Reed's under the Rosenthal credit facility, with a two million dollar ($2,000,000) pledge of securities to Rosenthal by John J. Bello and Nancy E. Bello, as Co-Trustees of THE JOHN AND NANCY BELLO REVOCABLE LIVING TRUST, under trust agreement dated December 3, 2012 (the "Bello Trust"), evidenced by that certain Pledge Agreement to Rosenthal, and as to which Rosenthal has a first and only perfected security interest by the Securities Account Control Agreement held by securities broker).

On November 24, 2021, the Bello trust provided additional collateral support consisting of a pledge of three million ($3,300,000) of securities securing a $2,500,000 over-advance under the Financing Agreement, and John J. Bello also provided a personal guarantee.

The pledged securities were made up of equity funds and did not include securities of Reed's, Inc.

The additional collateral was released on March 17, 2022 along with the personal guarantee.

John J. Bello, current Chairman and former Interim Chief Executive Officer of Reed's, is a related party. He is also a greater than 5% beneficial owner of Reed's common stock. As consideration for the collateral support, Mr. Bello received 400,000 shares of Reed's restricted stock and a warrant to purchase up to 1,500,000 shares of common stock at an exercise price of $0.46 per share.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 pertaining to Reed's, Inc. 2020 Equity Incentive Plan, as amended December 30, 2021, of our report dated April 15, 2022, relating to the financial statements of Reed's, Inc. as of December 31, 2021 and 2020, (which report includes an explanatory paragraph relating to substantial doubt about Reed's, Inc.'s ability to continue as a going concern), which appear in Reed's, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission on March 31, 2022

/s/ Weinberg & Company, P.A.
Los Angeles, California
April 15, 2022

EXHIBIT 31.1

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

I, Norman E. Snyder, Jr., 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 my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officer 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 controls 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: April 15, 2022

/s/ Norman E. Snyder, Jr.

Norman E. Snyder, Jr.
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.1

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

I, Thomas J. Spisak, 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 my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officer 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 controls 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: April 15, 2022

/s/ Thomas J. Spisak

Thomas J. Spisak
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Annual Report on Form 10-K of Reed's, Inc., a Delaware corporation (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Norman E. Snyder, Jr., Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

REED'S, INC.

Date: April 15, 2022

By: *Norman E. Snyder, Jr.*

Norman E. Snyder, Jr.
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

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

In connection with the Annual Report on Form 10-K of Reed's, Inc., a Delaware corporation (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Thomas J. Spisak, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

REED'S, INC.

Date: April 15, 2022

By: */s/ Thomas J. Spisak*
Thomas J. Spisak
Chief Financial Officer
(Principal Financial Officer)