

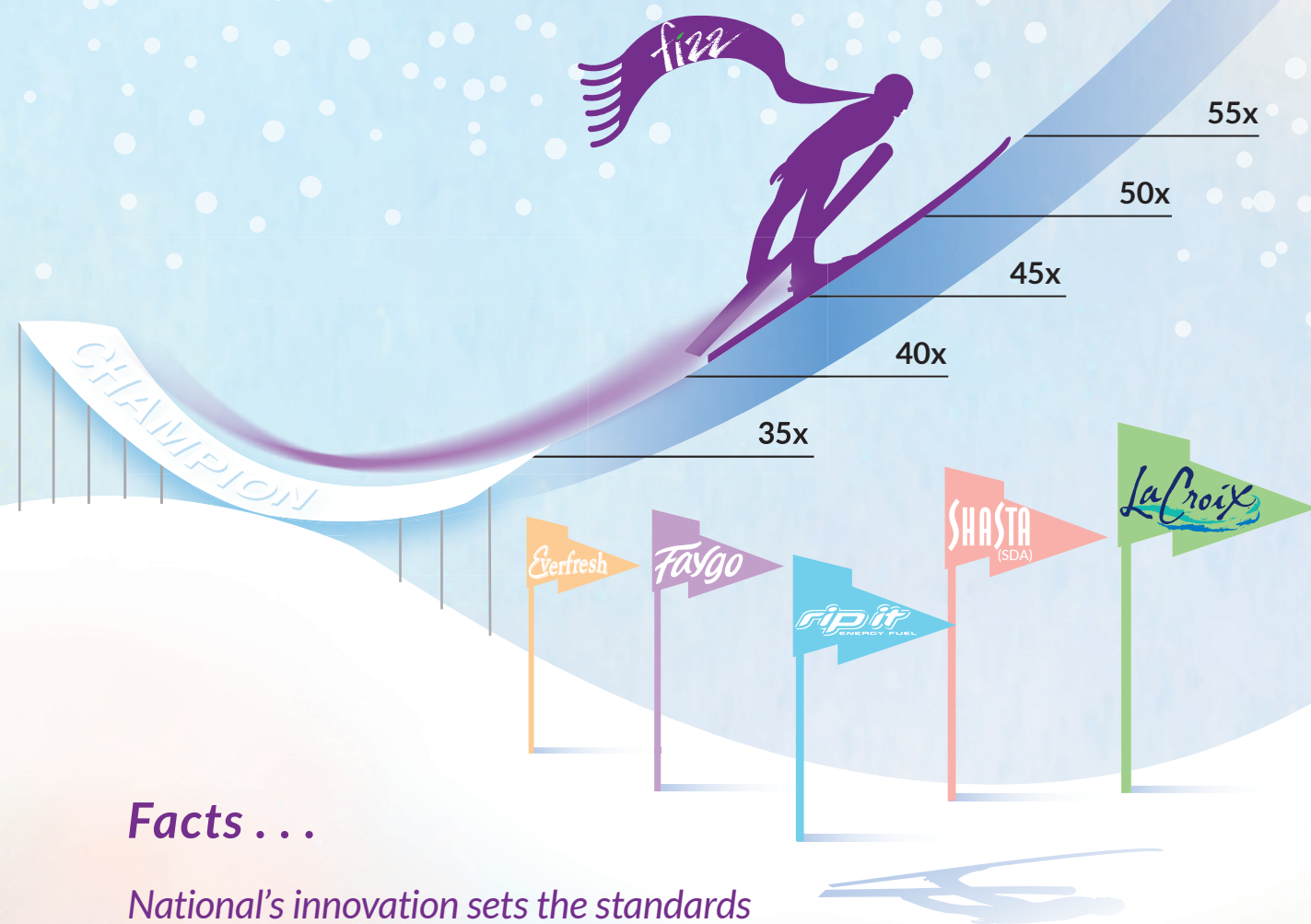
# For

*Consume Smart . . .*



**National Beverage Corp.**  
2017 Annual Report

## GROSS PRICE / EARNINGS INDEX TRIFECTA PROFILE\*



### Facts . . .

National's innovation sets the standards for healthy sparkling water

Recognized leader of natural sparkling water category

Carbonated soda sales facing accelerated declines due to health alerts and soda tax

Major shareholder senior prominence

Growth momentum bridled to agile and passionate organization

*Ambitious - Delicious  
and Healthy . . .*



### *Happy, squawking seagulls*

overfly this lovely lagoon, high-fiving wingtips over such a beautiful New England cove . . . (winking in) another glorious crisp morning! Aromas are scenting, seaweed is smiling and ducks are hooting . . . what's all the fuss about? *FIZZ* - that's what!! Yes, grateful, thankful, ever so blessed *Team National* and yours truly have so much to smile about - and smile, we are graciously going to do until those happy, squawking seagulls roost! WOW . . . what a year! Best Revenues, Best Earnings, Best Industry Growth, Stock Hits \$100, Company pays \$3.00 in dividends, *Team National* is healthy and smiles abound . . . I hope those seagulls never land! I mean it . . .

I believe for good fortune to prevail, a combination of things must occur! First, one should have that special 'sidekick' relationship with their spiritual guardian and, next, be genetically equipped to be the master of their destiny! Then, they should choose to engage in making life better for more than they are capable of and, finally . . . they should love what they do! I fully believe that good fortune beckons for these characters - yes!

\*INDUSTRY LEADING REVENUES + OPERATING MARGIN GROWTH + SHAREHOLDER VALUE

If the daring truth be told, National Beverage Corp. at the outset, and still relevant today, is an enterprise of caring purpose. Initially, to save the innocent from the clutches of a terrible corporate raider and, today, to bring 'innocent' healthy beverages to an ailing America!

FY2017 was a pivotal year for National Beverage Corp. on several fronts. First, moving *FIZZ* into the growth stock segment; second, capturing top place in market performance in 40 of 42 key markets in the United States; third, leading the natural sparkling water category with such force as to influence the total sparkling water category in the U.S. and, finally, moving the Company's revenues into the billion dollar range this FY2018. Creativity and innovation, plus new geographic distribution advances, continue to fuel our dynamic momentum.

Catching the tide of 'change' (healthier consumables) has been quite advantageous. I certainly agree . . . and the building momentum of that incoming tide widens by the hour as is the case with an actual rising tide! As more people consume our healthy beverages, they expect to find them readily available and retailers continue to provide more and more space! Retailers across North America are discovering that *healthy* is in demand and will also produce *healthy* profits!

The performance of the first quarter FY2018, both financial and *FIZZ* market activities, collaborating with new dynamic distribution results in Canada, will certainly make this period – a *La La* summer for LaCroix.

FY2018 will continue to be a great year for *FIZZ* due to our ever-increasing momentum and also an accelerating movement in a large part of the planet to challenge any and all presently-stated claims made by beverage manufacturers. All consumer beverages will be affected and regulatory agencies will insist that labels represent the truth to consumers. This will promote brands like LaCroix and Shasta Sparkling Water SDA (Soft Drink Alternative) because of the standards with which these waters are developed, labeled and manufactured. Today, ratings agencies that monitor water products, especially sparkling water, are very unfair in their analysis by combining various products together regardless of their ingredients. Our Company will clearly benefit as more and more consumers become educated with the truth.

Presently, misleading the consumer is quite prevalent – anyone can label something as all natural, organic or pure to induce a consumer purposely for their advantage. 2018 will see the pendulum return to more normal and more honest again . . . protecting those of us who diligently strive to do the right thing.

Additionally, FY2018 will witness wonderful, new innovations with packaging, new theme additions, shelf demographic concepts and a new LaCroix Key Lime flavor introduced with this Annual Report. Much love and caring goes into all that we do, but when it comes to *naturally essenced*, sparkling water taste, we go the limit and several sips beyond!

So . . . those shareholders who requested that their Annual Report and Proxy Statement be mailed to them will also get to try our new Key Lime flavor. Please let us know how you feel . . . *Please!*

If you open this Annual Report to the inside back cover, we have defined our place in the sparkling water category. Please revisit this powerful page and understand National Beverage's real purpose in making you aware of our leadership role in this sparkling water industry – and that is to make our healthy, authentically-genuine, great beverages the choice for all consumers searching for excellence. The right selection makes *excellence* a habit!

National Beverage Corp. is benefitting from choices made years ago and this feeling is wonderful. Standing here at the precipice of a solar eclipse that heartens another eclipse happening simultaneously, where a jubilant team of aggressive humans are moving 'innocent' brands of fantastic sparkling water, LaCroix and Shasta SDA across North America, leaving in its wake healthy, joyful, refreshed and contented consumers.

Wishing you continued good fortune,



Nick A. Caporella  
Chairman and Chief Executive Officer



*Mindfulness*



## FINANCIAL REVIEW

## SELECTED FINANCIAL DATA

	Fiscal Year Ended				
	April 29, 2017	April 30, 2016	May 2, 2015	May 3, 2014 <sup>(3)</sup>	April 27, 2013
<i>(In thousands, except per share and footnote amounts)</i>					
<b>SUMMARY OF OPERATIONS</b>					
Net sales	\$826,918	\$704,785	\$645,825	\$641,135	\$662,007
Cost of sales	500,841	463,348	426,685	423,480	444,757
Gross profit	326,077	241,437	219,140	217,655	217,250
Selling, general and administrative expenses	163,600	148,384	145,157	153,220	146,223
Interest expense	189	203	371	660	403
Other (income) expense - net	(537)	145	(1,101)	666	173
Income before income taxes	162,825	92,705	74,713	63,109	70,451
Provision for income taxes	55,780	31,507	25,402	19,474	23,531
Net income	\$107,045	\$ 61,198	\$ 49,311	\$ 43,635	\$ 46,920
<b>PER SHARE DATA</b>					
Basic earnings per common share <sup>(1)</sup>	\$ 2.30	\$1.31	\$ 1.06	\$ .93	\$ 1.01
Diluted earnings per common share <sup>(1)</sup>	2.29	1.31	1.05	.92	1.01
Closing stock price	88.59	46.74	22.42	19.21	14.57
Dividends paid on common stock <sup>(2)</sup>	1.50	—	—	—	2.55
<b>BALANCE SHEET DATA</b>					
Cash and equivalents <sup>(2)</sup>	\$136,372	\$105,577	\$ 52,456	\$ 29,932	\$ 18,267
Working capital <sup>(2)</sup>	185,021	148,057	101,478	78,618	67,504
Property, plant and equipment - net	65,150	61,932	60,182	59,494	57,307
Total assets <sup>(2)</sup>	357,889	305,498	247,750	222,841	208,642
Long-term debt	—	—	10,000	30,000	50,000
Deferred income tax liability	15,993	14,474	15,245	13,873	14,327
Shareholders' equity <sup>(2)</sup>	245,618	206,152	147,782	106,201	70,316
Dividends paid on common stock <sup>(2)</sup>	69,850	—	—	—	118,139

(1) Basic earnings per common share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per common share includes the dilutive effect of stock options.

(2) The Company paid special cash dividends on Common Stock of \$69.9 million (\$1.50 per share) on January 27, 2017 and \$118.1 million (\$2.55 per share) on December 27, 2012.

(3) Fiscal 2014 consisted of 53 weeks.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### OVERVIEW

National Beverage Corp. proudly refreshes America with a distinctive portfolio of Sparkling Waters, Juices, Energy Drinks and Carbonated Soft Drinks. We believe that our ingenious product designs, innovative packaging and imaginative flavors, along with our corporate culture and philosophy, makes National Beverage unique in the beverage industry. The Company's primary market focus is North America, but our products are also distributed in various other countries. National Beverage Corp. was incorporated in Delaware in 1985 and began trading as a public company on the NASDAQ Stock Market in 1991. In this report, the terms "we," "us," "our," "Company" and "National Beverage" mean National Beverage Corp. and its subsidiaries unless indicated otherwise.

National Beverage is evolving to meet the healthy hydration demands of consumers. Health and wellness awareness has increased significantly, resulting in growing demand for beverages with little or no calories and wholesome natural ingredients. Our brands emphasize distinctly-flavored beverages in attractive packaging that appeal to multiple demographic groups. The attentive, health-conscious and discriminating consumer is ever more alert to wellness choices and better-for-you ingredients that align to this transition and strategic focus.

Our brands consist of (i) beverages geared to the active and health-conscious consumer ("Power+ Brands") including sparkling waters, energy drinks, and juices, and (ii) Carbonated Soft Drinks in a variety of flavors including regular, sugar-free and reduced calorie options. Our portfolio of Power+ Brands includes LaCroix®, LaCroix Cúrate™, LaCroix NiCola™

and Shasta Sparkling Water® products; Rip It® energy drinks and shots; and Everfresh®, Everfresh Premier Varietals™ and Mr. Pure® 100% juice and juice-based products. Our Carbonated Soft Drinks portfolio includes Shasta® and Faygo®, iconic brands whose flavor development spans more than 125 years.

To service a diverse customer base that includes numerous national retailers, as well as thousands of smaller "up-and-down-the-street" accounts, we utilize a hybrid distribution system to deliver our products primarily through the take-home, convenience and food-service channels.

Our strategy emphasizes the growth of our products by (i) developing healthier beverages in response to the global shift in consumer buying habits and tailoring the variety and types of beverages in our portfolio to satisfy the preferences of a diverse mix of 'crossover consumers' – a growing group desiring a change to better-for-you beverages; (ii) emphasizing unique flavor development and variety throughout our product lines and brands; (iii) leveraging our efficient production and distribution systems, cost-effective social media platforms and regionally focused marketing programs to profitably deliver high-quality products at optimal consumer price-points; and (iv) responding faster and more creatively to consumer trends than competitors who are burdened by production and distribution complexity as well as legacy costs.

Our operating results are affected by numerous factors, including fluctuations in the costs of raw materials, changes in consumer preference for beverage products, competitive pricing in the marketplace and weather conditions. Beverage sales are seasonal with the highest volume typically realized

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

during the summer and warmer months. As a result, our operating results from one fiscal quarter to the next may not be comparable.

### RESULTS OF OPERATIONS

**Net Sales** Net sales for fiscal year ended April 29, 2017 ("Fiscal 2017") increased 17.3% to \$826.9 million compared to \$704.8 million for fiscal year ended April 30, 2016 ("Fiscal 2016"). The increase in sales resulted primarily from a 16.6% increase in case volume and, to a lesser extent, a higher average selling price. Power+ Brands volume increased 42.6%; branded carbonated soft drinks volume was flat.

Net sales for Fiscal 2016 increased 9.1% to \$704.8 million compared to \$645.8 million for the fiscal year ended May 2, 2015 ("Fiscal 2015"). The higher sales resulted from a 9.0% increase in case volume and a slight increase in average selling price. The volume increase includes 31.4% growth of our Power+ Brands, partially offset by a decline in carbonated soft drinks.

**Gross Profit** Gross profit for Fiscal 2017 increased 35.1% to \$326.1 million compared to \$241.4 million for Fiscal 2016. The increase in gross profit is due to increased volume, growth in higher margin Power+ Brands and a decline in cost of sales per case of 5.7%. The decline in cost of sales per case was due to favorable product mix changes and lower raw material costs. Gross margin expanded to 39.4%.

Gross profit for Fiscal 2016 increased 10.2% to \$241.4 million compared to \$219.1 million for Fiscal 2015.

The increase in gross profit is primarily due to higher sales and a decline in cost of sales per case of .4%. The decrease in cost of sales per case was due to favorable product mix changes and lower raw material costs. As a result, gross margin improved to 34.3%.

Shipping and handling costs are included in selling, general and administrative expenses, the classification of which is consistent with many beverage companies. However, our gross margin may not be comparable to companies that include shipping and handling costs in cost of sales. See Note 1 of Notes to Consolidated Financial Statements.

#### Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$163.6 million or 19.8% of net sales for Fiscal 2017, increasing \$15.2 million or 10.3% from Fiscal 2016. The increase was primarily due to shipping and other volume related expenses and marketing spending increases. As a percent of Net sales, Selling, general and administrative expenses decreased primarily due to the leveraging effects of higher volume on fixed costs and growth of products distributed by customer pick-up.

Selling, general and administrative expenses were \$148.4 million or 21.1% of net sales for Fiscal 2016 compared to \$145.2 million or 22.5% of net sales for Fiscal 2015. Fiscal 2016 expenses reflect higher distribution, selling and other volume related costs, partially offset by lower marketing costs.

#### Interest Expense and Other Expense (Income) - Net

Interest expense is comprised of interest on borrowings and fees related to maintaining lines of

credit. Due to prior year repayments on borrowings, interest expense decreased to \$189,000 in Fiscal 2017 from \$203,000 in Fiscal 2016 and \$371,000 in Fiscal 2015. Other expense is net of interest income of \$641,000 for Fiscal 2017, \$107,000 for Fiscal 2016 and \$30,000 for Fiscal 2015. The change in interest income is due to changes in average invested balances and increased return on investments. Other income for Fiscal 2015 includes a \$1.3 million gain on sale of property.

**Income Taxes** Our effective tax rate was 34.3% for Fiscal 2017, 34% for Fiscal 2016 and 34% for Fiscal 2015. The difference between the effective rate and the federal statutory rate of 35% was primarily due to the effects of state income taxes and the domestic manufacturing deduction. See Note 7 of Notes to Consolidated Financial Statements.

### LIQUIDITY AND FINANCIAL CONDITION

**Liquidity and Capital Resources** Our principal source of funds is cash generated from operations. At April 29, 2017, we maintained \$100 million unsecured revolving credit facilities, under which no borrowings were outstanding and \$2.2 million was reserved for standby letters of credit. We believe that existing capital resources will be sufficient to meet our liquidity and capital requirements for the next twelve months. See Note 4 of Notes to Consolidated Financial Statements.

We continually evaluate capital projects to expand our production capacity, enhance packaging capabilities or improve efficiencies at our production facilities. Expenditures for property, plant and

equipment amounted to \$14.0 million for Fiscal 2017. The Company expects to increase capital expenditures in Fiscal 2018 to support volume growth.

On January 25, 2013, the Company sold 400,000 shares of Special Series D Preferred Stock, par value \$1 per share ("Series D Preferred") for an aggregate purchase price of \$20 million. Series D Preferred had a liquidation preference of \$50 per share and dividends were accrued on this amount at an annual rate of 3% through April 30, 2014 and, pursuant to subsequent amendments, 2.5% thereafter. Dividends were cumulative and payable quarterly. The net proceeds of \$19.7 million were used to repay borrowings under the Credit Facilities. On May 2, 2014, the Company redeemed 160,000 shares of Series D Preferred for an aggregate price of \$8 million plus accrued dividends. On August 1, 2014, the Company redeemed an additional 120,000 shares of Series D Preferred for an aggregate price of \$6 million plus accrued dividends. The final redemption of the remaining 120,000 shares of Series D Preferred was made on April 29, 2016 for an aggregate price of \$6 million plus accrued dividends. See Note 5 of Notes to Consolidated Financial Statements.

The Company paid a special cash dividend on common stock of \$69.9 million (\$1.50 per share) on January 27, 2017. On May 5, 2017, the Company declared a special cash dividend of \$1.50 per share to shareholders of record on June 5, 2017. The cash dividend of \$69.9 million will be paid from available cash on or before August 4, 2017. The Company has announced that it plans to develop a program to increase distribution to shareholders based on the length of time they have owned their shares.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Pursuant to a management agreement, we incurred a fee to Corporate Management Advisors, Inc. ("CMA") of \$8.3 million for Fiscal 2017, \$7.0 million for Fiscal 2016 and \$6.5 million for Fiscal 2015. At April 29, 2017, management fees payable to CMA were \$2.1 million. See Note 5 of Notes to Consolidated Financial Statements.

**Cash Flows** During Fiscal 2017, \$113.8 million was provided by operating activities, \$14.0 million was used in investing activities and \$69.0 million was used in financing activities. Cash provided by operating activities increased \$34.8 million primarily due to increased earnings offset in part by increased working capital. Cash used in investing activities increased \$2.0 million reflecting increased capital expenditures to support volume growth. Cash used in financing activities includes the \$69.9 million (\$1.50 per share) special common stock dividend paid on January 27, 2017.

During Fiscal 2016, \$79.0 million was provided by operating activities, \$12.0 million was used in investing activities and \$13.8 million was used in financing activities. Cash provided by operating activities increased \$20.9 million primarily due to increased earnings and favorable changes in working capital. Cash used in investing activities increased \$2.3 million reflecting higher capital expenditures and lower proceeds from the sale of property. Cash used in financing activities was \$13.8 million which included a \$6 million redemption of preferred stock and \$10 million in principal repayments under credit facilities.

**Financial Position** During Fiscal 2017, our working capital increased to \$185.0 million from \$148.1 million at April 30, 2016. The increase in working capital resulted from higher cash, trade receivables and inventory, partially offset by higher accounts payable and accrued liabilities. Trade receivables increased \$10.3 million or 17% due to increased sales while days sales outstanding improved to 30.6 days from 31.0 days. Inventories increased \$5.4 million or 11% as a result of the Company maintaining increased finished goods to support sales increases. Annual inventory turns remained unchanged at 9.5 times. As of April 29, 2017, the current ratio was 3.1 to 1 compared to 3.0 to 1 at April 30, 2016.

During Fiscal 2016, our working capital increased to \$148.1 million from \$101.5 million at May 2, 2015. The increase in working capital resulted from higher cash, trade receivables and inventory, partially offset by higher accounts payable and accrued liabilities. Trade receivables increased \$1.1 million due to higher sales activity while days sales outstanding improved to 31.0 days from 33.1 days. Inventories increased \$5.0 million as a result of the Company maintaining higher finished goods levels to support increases in sales and new product introductions. Annual inventory turns decreased to 9.5 from 10.2 times. At April 30, 2016, the current ratio was 3.0 to 1 compared to 2.5 to 1 at May 2, 2015.

## CONTRACTUAL OBLIGATIONS

Contractual obligations at April 29, 2017 are payable as follows:

(In thousands)	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Operating leases	\$30,276	\$ 8,216	\$13,714	\$ 5,424	\$ 2,922
Purchase commitments	15,239	9,472	4,718	1,049	—
<b>Total</b>	<b>\$45,515</b>	<b>\$17,688</b>	<b>\$18,432</b>	<b>\$ 6,473</b>	<b>\$ 2,922</b>

As of April 29, 2017, we guaranteed the residual value of certain leased equipment in the amount of \$2.5 million. If the proceeds from the sale of such equipment are less than the balance required by the lease when the lease terminates on August 1, 2017, the Company shall be required to pay the difference up to such guaranteed amount. The Company does not expect to incur a loss on such guarantee.

We contribute to certain pension plans under collective bargaining agreements and to a discretionary profit sharing plan. Annual contributions were \$3.1 million for Fiscal 2017, \$2.9 million for Fiscal 2016 and \$2.7 million for Fiscal 2015. See Note 9 of Notes to Consolidated Financial Statements.

We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Other long-term liabilities include known claims and estimated incurred but not reported claims not otherwise covered by insurance, based on actuarial assumptions and historical claims experience. Since the timing and amount of claim payments vary significantly, we are not able to reasonably estimate future payments for specific periods and therefore such payments have not been included in the table above. Standby letters of

credit aggregating \$2.2 million have been issued in connection with our self-insurance programs. These standby letters of credit expire through March 2018 and are expected to be renewed.

## OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition.

## CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. We believe that the critical accounting policies described in the following paragraphs comprise the most significant estimates and assumptions used in the preparation of our consolidated financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

For these policies, we caution that future events rarely develop exactly as estimated and the best estimates routinely require adjustment.

**Credit Risk** We sell products to a variety of customers and extend credit based on an evaluation of each customer's financial condition, generally without requiring collateral. Exposure to credit losses varies by customer principally due to the financial condition of each customer. We monitor our exposure to credit losses and maintain allowances for anticipated losses based on specific customer circumstances, credit conditions and historical write-offs.

**Impairment of Long-Lived Assets** All long-lived assets, excluding goodwill and intangible assets not subject to amortization, are evaluated for impairment on the basis of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its estimated fair market value based on the best information available. Estimated fair market value is generally measured by discounting future cash flows. Goodwill and intangible assets not subject to amortization are evaluated for impairment annually or sooner if we believe such assets may be impaired. An impairment loss is recognized if the carrying amount or, for goodwill, the carrying amount of its reporting unit, is greater than its fair value.

**Income Taxes** Our effective income tax rate is based on estimates of taxes which will ultimately be payable. Deferred taxes are recorded to give recognition to temporary differences between the tax bases of assets

or liabilities and their reported amounts in the financial statements. Valuation allowances are established to reduce the carrying amounts of deferred tax assets when it is deemed, more likely than not, that the benefit of deferred tax assets will not be realized.

**Insurance Programs** We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Accordingly, we accrue for known claims and estimated incurred but not reported claims not otherwise covered by insurance based on actuarial assumptions and historical claims experience.

**Sales Incentives** We offer various sales incentive arrangements to our customers that require customer performance or achievement of certain sales volume targets. Sales incentives are accrued over the period of benefit or expected sales volume. When the incentive is paid in advance, the aggregate incentive is recorded as a prepaid and amortized over the period of benefit or contractual sales volume. The recognition of these incentives involves the use of judgment related to performance and sales volume estimates that are made based on historical experience and other factors. Sales incentives are accounted for as a reduction of sales and actual amounts ultimately realized may vary from accrued amounts.

### FORWARD-LOOKING STATEMENTS

National Beverage and its representatives may make written or oral statements relating to future events or results relative to our financial, operational

and business performance, achievements, objectives and strategies. These statements are "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995 and include statements contained in this report, filings with the Securities and Exchange Commission and in reports to our stockholders. Certain statements including, without limitation, statements containing the words "believes," "anticipates," "intends," "plans," "expects," and "estimates" constitute "forward-looking statements" and involve known and unknown risk, uncertainties and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the following: general economic and business conditions, pricing of competitive products, success of new product and flavor introductions, fluctuations in the costs of raw materials and packaging supplies, ability to pass along cost increases to our customers, labor strikes or work stoppages or other interruptions in the employment of labor, continued retailer support for our products, changes in brand image, consumer preferences and our success in creating products geared toward consumers' tastes, success in implementing business strategies, changes in business strategy or development plans, government regulations, taxes or fees imposed on the sale of our products, unfavorable weather conditions and other factors referenced in this report, filings with the Securities and Exchange Commission and other reports to our stockholders. We disclaim an obligation to update any such factors or to publicly announce the results of any revisions to any forward-looking statements contained herein to reflect future events or developments.

### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

**Commodities** We purchase various raw materials, including aluminum cans, plastic bottles, high fructose corn syrup, corrugated packaging and juice concentrates, the prices of which fluctuate based on commodity market conditions. Our ability to recover increased costs through higher pricing may be limited by the competitive environment in which we operate. At times, we manage our exposure to this risk through the use of supplier pricing agreements that enable us to establish all, or a portion of, the purchase prices for certain raw materials. Additionally, we use derivative financial instruments to partially mitigate our exposure to changes in certain raw material costs.

**Interest Rates** During Fiscal 2016, the Company repaid \$10 million in borrowings under its credit facilities. At April 29, 2017, the Company had no borrowings outstanding. We had no debt-related interest rate exposure during Fiscal 2017.



## CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	April 29, 2017	April 30, 2016
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$136,372	\$105,577
Trade receivables - net	71,319	61,046
Inventories	53,355	47,922
Deferred income taxes - net	3,906	4,454
Prepaid and other assets	7,275	4,672
Total current assets	272,227	223,671
Property, plant and equipment - net	65,150	61,932
Goodwill	13,145	13,145
Intangible assets	1,615	1,615
Other assets	5,752	5,135
<b>Total assets</b>	<b>\$357,889</b>	<b>\$305,498</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 58,100	\$ 49,391
Accrued liabilities	29,017	26,195
Income taxes payable	89	28
Total current liabilities	87,206	75,614
Deferred income taxes - net	15,993	14,474
Other liabilities	9,072	9,258
Shareholders' equity:		
Preferred stock, \$1 par value - 1,000,000 shares authorized		
Series C - 150,000 shares issued	150	150
Common stock, \$.01 par value - 75,000,000 shares authorized;		
50,616,134 shares (2017) and 50,588,734 shares (2016) issued	506	506
Additional paid-in capital	35,638	34,570
Retained earnings	227,928	190,733
Accumulated other comprehensive loss	(604)	(1,807)
Treasury stock - at cost:		
Series C preferred stock - 150,000 shares	(5,100)	(5,100)
Common stock - 4,032,784 shares	(12,900)	(12,900)
Total shareholders' equity	245,618	206,152
<b>Total liabilities and shareholders' equity</b>	<b>\$357,889</b>	<b>\$305,498</b>

See accompanying Notes to Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Fiscal Year Ended		
	April 29, 2017	April 30, 2016	May 2, 2015
Net sales	\$826,918	\$704,785	\$645,825
Cost of sales	500,841	463,348	426,685
Gross profit	326,077	241,437	219,140
Selling, general and administrative expenses	163,600	148,384	145,157
Interest expense	189	203	371
Other (income) expense - net	(537)	145	(1,101)
Income before income taxes	162,825	92,705	74,713
Provision for income taxes	55,780	31,507	25,402
Net income	107,045	61,198	49,311
Less preferred dividends and accretion	—	(238)	(275)
Earnings available to common shareholders	\$107,045	\$ 60,960	\$ 49,036
Earnings per common share:			
Basic	\$ 2.30	\$ 1.31	\$ 1.06
Diluted	\$ 2.29	\$ 1.31	\$ 1.05
Weighted average common shares outstanding:			
Basic	46,564	46,452	46,353
Diluted	46,770	46,671	46,559

See accompanying Notes to Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Fiscal Year Ended		
	April 29, 2017	April 30, 2016	May 2, 2015
Net income	\$107,045	\$ 61,198	\$ 49,311
Other comprehensive income (loss), net of tax:			
Cash flow hedges	1,110	783	(2,350)
Other	93	(66)	31
Total	1,203	717	(2,319)
Comprehensive income	\$108,248	\$ 61,915	\$ 46,992

See accompanying Notes to Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)	Fiscal Year Ended					
	April 29, 2017		April 30, 2016		May 2, 2015	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>SERIES C PREFERRED STOCK</b>						
Beginning and end of year	150	\$ 150	150	\$ 150	150	\$ 150
<b>SERIES D PREFERRED STOCK</b>						
Beginning of year	—	—	120	120	240	240
Series D preferred redeemed	—	—	(120)	(120)	(120)	(120)
End of year	—	—	—	—	120	120
<b>COMMON STOCK</b>						
Beginning of year	50,589	506	50,418	504	50,368	504
Stock options exercised	27	—	171	2	50	—
End of year	50,616	506	50,589	506	50,418	504
<b>ADDITIONAL PAID-IN CAPITAL</b>						
Beginning of year		34,570		37,759		42,775
Series D preferred redeemed		—		(5,791)		(5,791)
Stock options exercised		365		846		228
Stock-based compensation		208		228		307
Stock-based tax benefits		495		1,528		240
End of year		35,638		34,570		37,759
<b>RETAINED EARNINGS</b>						
Beginning of year		190,733		129,773		80,737
Net income		107,045		61,198		49,311
Common stock cash dividend		(69,850)		—		—
Preferred stock dividends & accretion		—		(238)		(275)
End of year		227,928		190,733		129,773
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>						
Beginning of year		(1,807)		(2,524)		(205)
Cash flow hedges		1,110		783		(2,350)
Other		93		(66)		31
End of year		(604)		(1,807)		(2,524)
<b>TREASURY STOCK - SERIES C PREFERRED</b>						
Beginning and end of year	150	(5,100)	150	(5,100)	150	(5,100)
<b>TREASURY STOCK - COMMON</b>						
Beginning and end of year	4,033	(12,900)	4,033	(12,900)	4,033	(12,900)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>\$245,618</b>		<b>\$206,152</b>		<b>\$147,782</b>

See accompanying Notes to Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Fiscal Year Ended		
	April 29, 2017	April 30, 2016	May 2, 2015
<b>OPERATING ACTIVITIES</b>			
Net income	\$107,045	\$ 61,198	\$ 49,311
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	12,834	12,056	11,580
Deferred income tax provision (benefit)	1,358	(1,299)	1,076
Loss (gain) on disposal of property, net	72	129	(1,188)
Stock-based compensation	208	228	307
Changes in assets and liabilities:			
Trade receivables	(10,273)	(1,095)	(1,746)
Inventories	(5,433)	(4,998)	990
Prepaid and other assets	(2,205)	(485)	(605)
Accounts payable	8,709	4,495	(710)
Accrued and other liabilities	1,457	8,726	(995)
Net cash provided by operating activities	113,772	78,955	58,020
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	(14,015)	(12,140)	(11,630)
Proceeds from sale of property, plant and equipment	28	116	1,905
Net cash used in investing activities	(13,987)	(12,024)	(9,725)
<b>FINANCING ACTIVITIES</b>			
Dividends paid on common stock	(69,850)	—	—
Dividends paid on preferred stock	—	(186)	(239)
Repayments under credit facilities, net	—	(10,000)	(20,000)
Redemption of preferred stock	—	(6,000)	(6,000)
Proceeds from stock options exercised	365	848	228
Stock-based tax benefits	495	1,528	240
Net cash used in financing activities	(68,990)	(13,810)	(25,771)
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	<b>30,795</b>	<b>53,121</b>	<b>22,524</b>
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<b>105,577</b>	<b>52,456</b>	<b>29,932</b>
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<b>\$136,372</b>	<b>\$105,577</b>	<b>\$ 52,456</b>
<b>OTHER CASH FLOW INFORMATION</b>			
Interest paid	\$ 202	\$ 116	\$ 380
Income taxes paid	\$ 55,901	\$ 29,473	\$ 24,745

See accompanying Notes to Consolidated Financial Statements.

## NATIONAL BEVERAGE CORP. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

National Beverage Corp. develops, produces, markets and sells a diverse portfolio of flavored beverage products primarily in North America. Incorporated in Delaware in 1985, National Beverage Corp. is a holding company for various operating subsidiaries. When used in this report, the terms “we,” “us,” “our,” “Company” and “National Beverage” mean National Beverage Corp. and its subsidiaries.

### 1. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (“GAAP”) and rules and regulations of the Securities and Exchange Commission. The consolidated financial statements include the accounts of National Beverage Corp. and all subsidiaries. All significant intercompany transactions and accounts have been eliminated. Our fiscal year ends the Saturday closest to April 30 and, as a result, an additional week is added every five or six years. Fiscal 2017, Fiscal 2016 and Fiscal 2015 consisted of 52 weeks.

**Cash and Equivalents** Cash and equivalents are comprised of cash and highly liquid securities (consisting primarily of short-term money-market investments) with an original maturity of three months or less.

**Derivative Financial Instruments** We use derivative financial instruments to partially mitigate our exposure to changes in raw material costs. All derivative financial instruments are recorded at fair value in our Consolidated Balance Sheets. We do not

use derivative financial instruments for trading or speculative purposes. Credit risk related to derivative financial instruments is managed by requiring high credit standards for counterparties and frequent cash settlements. See Note 6.

**Earnings Per Common Share** Basic earnings per common share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is calculated in a similar manner, but includes the dilutive effect of stock options amounting to 206,000 shares in Fiscal 2017, 219,000 shares in Fiscal 2016 and 206,000 shares in Fiscal 2015.

**Fair Value** The fair value of long-term debt approximates its carrying value due to its variable interest rate and lack of prepayment penalty. The estimated fair values of derivative financial instruments are calculated based on market rates to settle the instruments. These values represent the estimated amounts we would receive upon sale, taking into consideration current market prices and credit worthiness. See Note 6.

**Impairment of Long-Lived Assets** All long-lived assets, excluding goodwill and intangible assets not subject to amortization, are evaluated for impairment on the basis of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its estimated fair market value based on the best information available. Estimated fair value is generally measured by

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

discounting future cash flows. Goodwill and intangible assets not subject to amortization are evaluated for impairment annually or sooner if we believe such assets may be impaired. An impairment loss is recognized if the carrying amount or, for goodwill, the carrying amount of its reporting unit, is greater than its fair value.

**Income Taxes** Our effective income tax rate is based on estimates of taxes which will ultimately be payable. Deferred taxes are recorded to give recognition to temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. Valuation allowances are established to reduce the carrying amounts of deferred tax assets when it is deemed, more likely than not, that the benefit of deferred tax assets will not be realized.

**Insurance Programs** We maintain self-insured and deductible programs for certain liability, medical and workers' compensation exposures. Accordingly, we accrue for known claims and estimated incurred but not reported claims not otherwise covered by insurance based on actuarial assumptions and historical claims experience. At April 29, 2017 and April 30, 2016, other liabilities included accruals of \$6.9 million and \$5.8 million, respectively, for estimated non-current risk retention exposures, of which \$5.4 million and \$4.8 million were covered by insurance.

**Intangible Assets** Intangible assets as of April 29, 2017 and April 30, 2016 consisted of non-amortizable trademarks.

**Inventories** Inventories are stated at the lower of first-in, first-out cost or market. Inventories at April 29, 2017 were comprised of finished goods of \$35.0 million and raw materials of \$18.4 million. Inventories at April 30, 2016 were comprised of finished goods of \$29.1 million and raw materials of \$18.8 million.

**Marketing Costs** We are involved in a variety of marketing programs, including cooperative advertising programs with customers, to advertise and promote our products to consumers. Marketing costs are expensed when incurred, except for prepaid advertising and production costs which are expensed when the advertising takes place. Marketing costs, which are included in selling, general and administrative expenses, totaled \$44.9 million in Fiscal 2017, \$38.8 million in Fiscal 2016 and \$42.4 million in Fiscal 2015.

**New Accounting Pronouncements** In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-09, "Compensation-Stock Compensation: Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"). This amendment addresses several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 is effective for our fiscal year beginning April 30, 2017. Adoption is not expected to have a material impact on our financial position, results of operations or cash flows.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, "Leases" ("ASU

2016-02"). ASU 2016-02 requires the lease rights and obligations arising from lease contracts, including existing and new arrangements, to be recognized as assets and liabilities on the balance sheet. ASU 2016-02 is effective for our fiscal year beginning April 28, 2019. We are currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, "Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). ASU 2015-17 requires companies to classify all deferred tax liabilities and assets as noncurrent on the balance sheet. ASU 2015-17 is effective for our fiscal year beginning April 30, 2017. When implemented, current deferred tax asset will be reclassified to noncurrent in the consolidated balance sheet.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 requires an entity to recognize revenue in an amount that reflects the consideration it expects to receive in exchange for goods or services. On August 12, 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 by one year and is effective for our fiscal year beginning April 29, 2018. We are currently evaluating the potential impact of adopting this guidance on our consolidated financial statements; however, adoption is not expected to have a material impact on our financial position, results of operations or cash flows.

**Property, Plant and Equipment** Property, plant and equipment are recorded at cost. Additions, replacements and betterments are capitalized, while

maintenance and repairs that do not extend the useful life of an asset are expensed as incurred. Depreciation is recorded using the straight-line method over estimated useful lives of 7 to 30 years for buildings and improvements and 3 to 15 years for machinery and equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement. When assets are retired or otherwise disposed, the cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized.

**Revenue Recognition** Revenue from product sales is recognized when title and risk of loss pass to the customer, which generally occurs upon delivery. Our policy is not to allow the return of products once they have been accepted by the customer. However, on occasion, we have accepted returns or issued credit to customers, primarily for damaged goods. The amounts have been immaterial and, accordingly, we do not provide a specific valuation allowance for sales returns.

**Sales Incentives** We offer various sales incentive arrangements to our customers that require customer performance or achievement of certain sales volume targets. When the incentive is paid in advance, we amortize the amount paid over the period of benefit or contractual sales volume; otherwise, we accrue the expected amount to be paid over the period of benefit or expected sales volume. The recognition of these incentives involves the use of judgment related to performance and sales volume estimates that are made based on historical experience and

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

other factors. Sales incentives are accounted for as a reduction of sales and actual amounts ultimately realized may vary from accrued amounts.

**Segment Reporting** We operate as a single operating segment for purposes of presenting financial information and evaluating performance. As such, the accompanying consolidated financial statements present financial information in a format that is consistent with the internal financial information used by management. We do not accumulate revenues by product classification and, therefore, it is impractical to present such information.

**Shipping and Handling** Shipping and handling costs are reported in selling, general and administrative expenses in the accompanying consolidated statements of income. Such costs aggregated \$50.0 million in Fiscal 2017, \$44.6 million in Fiscal 2016 and \$44.4 million in Fiscal 2015. Although our classification is consistent with many beverage companies, our gross margin may not be comparable to companies that include shipping and handling costs in cost of sales.

**Stock-Based Compensation** Compensation expense for stock-based compensation awards is recognized over the vesting period based on the grant-date fair value estimated using the Black-Scholes model. See Note 8.

**Trade Receivables** We record trade receivables at net realizable value, which includes an estimated allowance for doubtful accounts. We extend credit based on an evaluation of each customer's financial condition,

generally without requiring collateral. Exposure to credit losses varies by customer principally due to the financial condition of each customer. We monitor our exposure to credit losses and maintain allowances for anticipated losses based on specific customer circumstances, credit conditions and historical write-offs. Activity in the allowance for doubtful accounts was as follows:

(In thousands)	Fiscal 2017	Fiscal 2016	Fiscal 2015
Balance at beginning of year	\$484	\$330	\$399
Net charge to expense	74	232	117
Net charge-off	(90)	(78)	(186)
Balance at end of year	\$468	\$484	\$330

As of April 29, 2017 and April 30, 2016, we did not have any customer that comprised more than 10% of trade receivables. No one customer accounted for more than 10% of net sales during any of the last three fiscal years.

**Use of Estimates** The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and anticipated future actions, actual results may vary from reported amounts.

**2. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment as of April 29, 2017 and April 30, 2016 consisted of the following:

(In thousands)	2017	2016
Land	\$ 9,500	\$ 9,500
Buildings and improvements	51,157	50,856
Machinery and equipment	172,257	162,195
Total	232,914	222,551
Less accumulated depreciation	(167,764)	(160,619)
Property, plant and equipment – net	\$65,150	\$61,932

Depreciation expense was \$10.7 million for Fiscal 2017, \$10.1 million for Fiscal 2016 and \$10.2 million for Fiscal 2015.

**3. ACCRUED LIABILITIES**

Accrued liabilities as of April 29, 2017 and April 30, 2016 consisted of the following:

(In thousands)	2017	2016
Accrued compensation	\$ 9,967	\$ 9,217
Accrued promotions	8,403	5,888
Accrued insurance	2,938	2,786
Other	7,709	8,304
Total	\$29,017	\$26,195

**4. DEBT**

At April 29, 2017, a subsidiary of the Company maintained unsecured revolving credit facilities with banks aggregating \$100 million (the "Credit Facilities"). The Credit Facilities expire from October 10, 2017 to

April 30, 2021 and any borrowings would currently bear interest at .9% above one-month LIBOR. There were no borrowings outstanding under the Credit Facilities at April 29, 2017 or April 30, 2016. At April 29, 2017, \$2.2 million of the Credit Facilities was reserved for standby letters of credit and \$97.8 million was available for borrowings.

The Credit Facilities require the subsidiary to maintain certain financial ratios, including debt to net worth and debt to EBITDA (as defined in the Credit Facilities), and contain other restrictions, none of which are expected to have a material effect on our operations or financial position. At April 29, 2017, we were in compliance with all loan covenants.

**5. CAPITAL STOCK AND TRANSACTIONS WITH RELATED PARTIES**

The Company paid a special cash dividend on common stock of \$69.9 million (\$1.50 per share) on January 27, 2017.

On May 5, 2017, the Company declared a special cash dividend of \$1.50 per share to shareholders of record on June 5, 2017. The cash dividend of \$69.9 million will be paid on or before August 4, 2017.

On January 25, 2013, the Company sold 400,000 shares of Special Series D Preferred Stock, par value \$1 per share ("Series D Preferred") for an aggregate purchase price of \$20 million. Series D Preferred had a liquidation preference of \$50 per share and accrued dividends on this amount at an annual rate of 3% through April 30, 2014 and, thereafter, at an annual rate equal to 370 basis points above the 3- Month LIBOR rate. Dividends were cumulative and payable quarterly. There were no accrued dividends

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

at April 29, 2017 and at April 30, 2016. The Series D Preferred was nonvoting and redeemable at the option of the Company beginning May 1, 2014 at \$50 per share. In addition, the Company has 150,000 shares of Series C Preferred Stock, par value \$1 per share, which are held as treasury stock and, therefore, such shares have no liquidation value.

On May 2, 2014, the Company redeemed 160,000 shares of Series D Preferred, representing 40% of the amount outstanding, for an aggregate price of \$8 million plus accrued dividends. In connection therewith, the Company accreted and charged to retained earnings \$118,000 of original issuance costs, which was deducted from income available to common shareholders for earnings per share calculation. In conjunction with the partial redemption, the annual dividend rate on the outstanding Series D Preferred was reduced to 2.5% for the twelve month period beginning May 1, 2014. In evaluating the impact of the rate change, the Company determined that the related fair value change was immaterial and that no adjustment was required.

On August 1, 2014, the Company redeemed 120,000 shares of Series D Preferred, representing 50% of the amount outstanding, for an aggregate price of \$6 million plus accrued dividends. In connection therewith, the Company accreted and charged to retained earnings \$89,000 of original issuance costs, which was deducted from income available to common shareholders for earnings per share calculation.

On May 1, 2015, the Company and the holders of the Series D Preferred agreed to extend the 2.5% annual dividend rate on the outstanding Series D Preferred through April 30, 2016. In evaluating the

impact of the rate change, the Company determined that the related fair value change was immaterial and that no adjustment was required.

On April 29, 2016, the Company redeemed the final remaining 120,000 shares of Series D Preferred for an aggregate price of \$6 million plus accrued dividends. In connection therewith, the Company accreted and charged to retained earnings \$89,000 of original issuance costs, which was deducted from income available to common shareholders for earnings per share calculation.

The Company is authorized under its stock buyback program to repurchase 1.6 million shares of Common Stock. As of April 29, 2017, 502,060 shares were purchased under the program and 1,097,940 shares were available for purchase. No shares of Common Stock have been repurchased during the last three fiscal years.

The Company is a party to a management agreement with Corporate Management Advisors, Inc. ("CMA"), a corporation owned by our Chairman and Chief Executive Officer. This agreement was originated in 1991 for the efficient use of management of two public companies at the time. In 1994, one of those public entities, through a merger, no longer was managed in this manner. Under the terms of the agreement, CMA provides, subject to the direction and supervision of the Board of Directors of the Company, (i) senior corporate functions (including supervision of the Company's financial, legal, executive recruitment, internal audit and management information systems departments) as well as the services of a Chief Executive Officer and Chief Financial Officer, and (ii) services in connection with acquisitions, dispositions and financings by the Company, including identifying

and profiling acquisition candidates, negotiating and structuring potential transactions and arranging financing for any such transaction. CMA, through its personnel, also provides, to the extent possible, the stimulus and creativity to develop an innovative and dynamic persona for the Company, its products and corporate image. In order to fulfill its obligations under the management agreement, CMA employs numerous individuals, whom, acting as a unit, provide management, administrative and creative functions for the Company. The management agreement provides that the Company will pay CMA an annual base fee equal to one percent of the consolidated net sales of the Company, and further provides that the Compensation and Stock Option Committee and the Board of Directors may from time to time award additional incentive compensation to CMA. The Board of Directors on numerous occasions contemplated incentive compensation and, while shareholder value has increased over \$4.5 billion (or 10,000%) since the inception of this agreement, no incentive compensation has been paid. We incurred management fees to CMA of \$8.3 million for Fiscal 2017, \$7.0 million for Fiscal 2016 and \$6.5 million for Fiscal 2015. Included in accounts payable were amounts due CMA of \$2.1 million at April 29, 2017 and \$1.8 million at April 30, 2016.

**6. DERIVATIVE FINANCIAL INSTRUMENTS**

From time to time, we enter into aluminum swap contracts to partially mitigate our exposure to changes in the cost of aluminum cans. Such financial instruments are designated and accounted for as a cash flow hedge. Accordingly, gains or

losses attributable to the effective portion of the cash flow hedge are reported in Accumulated Other Comprehensive Income (Loss) ("AOCI") and reclassified into cost of sales in the period in which the hedged transaction affects earnings. The ineffective portion of the change in fair value of our cash flow hedge was immaterial. The following summarizes the gains (losses) recognized in the Consolidated Statements of Income and AOCI relative to the cash flow hedge for Fiscal 2017, Fiscal 2016 and Fiscal 2015:

(In thousands)	Fiscal 2017	Fiscal 2016	Fiscal 2015
Recognized in AOCI-			
Loss before income taxes	\$ (984)	\$(5,743)	\$(3,488)
Less income tax benefit	(365)	(2,131)	(1,294)
Net	(619)	(3,612)	(2,194)
Reclassified from AOCI to cost of sales-			
(Loss) gain before income taxes	(2,749)	(6,987)	248
Less income tax (benefit) provision	(1,020)	(2,592)	92
Net	(1,729)	(4,395)	156
Net change to AOCI	\$ 1,110	\$ 783	\$(2,350)

As of April 29, 2017, the notional amount of our outstanding aluminum swap contracts was \$56.7 million and, assuming no change in the commodity prices, \$246,000 of unrealized loss before tax will be reclassified from AOCI and recognized in earnings over the next 12 months. See Note 1.

As of April 29, 2017, the fair value of the derivative asset, derivative liability and derivative long-term liability was \$602,000, \$848,000 and \$476,000, which was included in prepaid and other assets, accrued liabilities and other liabilities, respectively. As of April

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

30, 2016, the fair value of the derivative liability was \$2.5 million, which was included in accrued liabilities. Such valuation does not entail a significant amount of judgment and the inputs that are significant to the fair value measurement are Level 2 as defined by the fair value hierarchy as they are observable market based inputs or unobservable inputs that are corroborated by market data.

**7. INCOME TAXES**

The provision (benefit) for income taxes consisted of the following:

(In thousands)	Fiscal 2017	Fiscal 2016	Fiscal 2015
Current	\$54,422	\$32,806	\$24,326
Deferred	1,358	(1,299)	1,076
<b>Total</b>	<b>\$55,780</b>	<b>\$31,507</b>	<b>\$25,402</b>

Deferred taxes are recorded to give recognition to temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. Valuation allowances are established to reduce the carrying amounts of deferred tax assets when it is deemed more likely than not that the benefit of deferred tax assets will not be realized. Deferred tax assets and liabilities as of April 29, 2017 and April 30, 2016 consisted of the following:

(In thousands)	2017	2016
Deferred tax assets:		
Accrued expenses and other	\$ 4,740	\$ 5,655
Inventory and amortizable assets	538	538
<b>Total deferred tax assets</b>	<b>5,278</b>	<b>6,193</b>
Deferred tax liabilities:		
Property	15,157	14,049
Intangibles and other	2,208	2,164
<b>Total deferred tax liabilities</b>	<b>17,365</b>	<b>16,213</b>
<b>Net deferred tax liabilities</b>	<b>\$12,087</b>	<b>\$10,020</b>
<b>Current deferred tax assets-net</b>	<b>\$ 3,906</b>	<b>\$ 4,454</b>
<b>Noncurrent deferred tax liabilities-net</b>	<b>\$15,993</b>	<b>\$14,474</b>

The reconciliation of the statutory federal income tax rate to our effective tax rate is as follows:

(In thousands)	Fiscal 2017	Fiscal 2016	Fiscal 2015
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	2.2	2.2	2.3
Domestic manufacturing deduction benefit	(3.0)	(3.0)	(3.0)
Other differences	.1	(.2)	(.3)
<b>Effective income tax rate</b>	<b>34.3%</b>	<b>34.0%</b>	<b>34.0%</b>

As of April 29, 2017, the gross amount of unrecognized tax benefits was \$1.7 million and \$66,000 was recognized as a tax benefit in Fiscal 2017. If we were to prevail on all uncertain tax positions, the net effect would be to reduce our tax expense by approximately \$1.2 million. A reconciliation of the changes in the gross amount of unrecognized tax benefits, which amounts are included in other liabilities in the accompanying consolidated balance sheets, is as follows:

(In thousands)	Fiscal 2017	Fiscal 2016	Fiscal 2015
Beginning balance	\$1,678	\$1,801	\$2,123
Increases due to current period tax positions	150	145	122
Decreases due to lapse of statute of limitations and audit resolutions	(85)	(268)	(444)
<b>Ending balance</b>	<b>\$1,743</b>	<b>\$1,678</b>	<b>\$1,801</b>

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of April 29, 2017, unrecognized tax benefits included accrued interest of \$239,000, of which approximately \$12,000 was recognized as a tax benefit in Fiscal 2017.

We file annual income tax returns in the United States and in various state and local jurisdictions. A number of years may elapse before an uncertain tax position, for which we have unrecognized tax benefits, is resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our unrecognized tax benefits reflect the most probable outcome. We adjust these unrecognized tax benefits, as well as the related interest, in light of changing facts and circumstances. The resolution of any particular uncertain tax position could require the use of cash and an adjustment to our provision for income taxes in the period of resolution. Federal income tax returns for fiscal years subsequent to 2013 are subject to examination. Generally, the income tax returns for the various state jurisdictions are subject to examination for fiscal years ending after fiscal 2010.

**8. STOCK-BASED COMPENSATION**

Our stock-based compensation program is a broad-based program designed to attract and retain employees while also aligning employees' interests with the interests of the shareholders.

The 1991 Omnibus Incentive Plan (the "Omnibus Plan") provides for compensatory awards consisting of (i) stock options or stock awards for up to 4,800,000 shares of common stock, (ii) stock appreciation rights, dividend equivalents, other stock-based awards in amounts up to 4,800,000 shares of common stock and (iii) performance awards consisting of any combination of the above. The Omnibus Plan is designed to provide an incentive to officers and certain other key employees and consultants by making available to them an opportunity to acquire a proprietary interest or to increase such interest in National Beverage.

The number of shares or options which may be issued under stock-based awards to an individual is limited to 1,680,000 during any year. Awards may be granted for no cash consideration or such minimal cash consideration as may be required by law. Options generally have an exercise price equal to the fair market value of our common stock on the date of grant, vest over a five-year period and expire after ten years.

The Special Stock Option Plan provides for the issuance of stock options to purchase up to an aggregate of 1,800,000 shares of common stock. Options may be granted for such consideration as determined by the Board of Directors. The vesting schedule and exercise price of these options are tied to the recipient's ownership level of common stock

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

and the terms generally allow for the reduction in exercise price upon each vesting period. Also, the Board of Directors authorized the issuance of options to purchase up to 50,000 shares of common stock to be issued at the direction of the Chairman.

The Key Employee Equity Partnership Program (“KEEP Program”) provides for the granting of stock options to purchase up to 240,000 shares of common stock to key employees, consultants, directors and officers. Participants who purchase shares of stock in the open market receive grants of stock options equal to 50% of the number of shares purchased, up to a maximum of 6,000 shares in any two-year period. Options under the KEEP Program are forfeited in the event of the sale of shares used to acquire such options. Options are granted at an initial exercise price of 60% of the purchase price paid for the shares acquired and the exercise price reduces to the stock par value at the end of the six-year vesting period.

We account for stock options under the fair value method of accounting using a Black-Scholes valuation model to estimate the stock option fair value at date of grant. The fair value of stock options is amortized to expense over the vesting period. No stock options were granted in Fiscal 2017, 3,500 shares were granted in Fiscal 2016 and 276,800 shares in Fiscal 2015. The weighted average Black-Scholes fair value assumptions for stock options granted are as follows: weighted average expected life of 8.0 years for Fiscal 2016 and 7.4 years for Fiscal 2015; weighted average expected volatility of 29.0% for Fiscal 2016 and 32.8% for Fiscal 2015; weighted average risk free interest rates of 2.1% for Fiscal 2016 and 2.2% for Fiscal 2015; and expected dividend yield of 3.3% for Fiscal 2016 and 4.6% for Fiscal 2015. The expected

life of stock options was estimated based on historical experience. The expected volatility was estimated based on historical stock prices for a period consistent with the expected life of stock options. The risk free interest rate was based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected life of stock options. Forfeitures were estimated based on historical experience and ranged in values up to 16% for Fiscal 2017 and Fiscal 2016.

The following is a summary of stock option activity for Fiscal 2017:

	Number of Shares	Price <sup>(a)</sup>
Options outstanding, beginning of year	418,895	\$12.44
Granted	—	—
Exercised	(27,400)	13.31
Canceled	(7,900)	16.01
Options outstanding, end of year	383,595	\$11.47
Options exercisable, end of year	215,803	\$ 9.64

(a) Weighted average exercise price.

Stock-based compensation expense was \$208,000 for Fiscal 2017, \$228,000 for Fiscal 2016 and \$307,000 for Fiscal 2015. The total fair value of shares vested was \$362,000 for Fiscal 2017, \$652,000 for Fiscal 2016 and \$371,000 for Fiscal 2015. The total intrinsic value for stock options exercised was \$1,506,000 for Fiscal 2017, \$5,161,000 for Fiscal 2016 and \$917,000 for Fiscal 2015. Net cash proceeds from the exercise of stock options were \$365,000 for Fiscal 2017, \$848,000 for Fiscal 2016 and \$228,000 for Fiscal 2015. Stock based income tax benefits aggregated \$495,000 for Fiscal 2017, \$1,528,000 for Fiscal 2016 and \$240,000 for Fiscal 2015. The weighted average fair

value for stock options granted was \$20.09 for Fiscal 2016 and \$8.30 for Fiscal 2015.

As of April 29, 2017, unrecognized compensation expense related to the unvested portion of our stock options was \$425,000, which is expected to be recognized over a weighted average period of 3.9 years. The weighted average remaining contractual term and the aggregate intrinsic value for options outstanding as of April 29, 2017 was 5.5 years and \$29.6 million, respectively. The weighted average remaining contractual term and the aggregate intrinsic value for options exercisable as of April 29, 2017 was 4.7 years and \$17 million, respectively.

We have a stock purchase plan which provides for the purchase of up to 1,536,000 shares of common stock by employees who (i) have been employed for at least two years, (ii) are not part-time employees and (iii) are not owners of five percent or more of our common stock. As of April 29, 2017, no shares have been issued under the plan.

## 9. PENSION PLANS

The Company contributes to certain pension plans under collective bargaining agreements and to a discretionary profit sharing plan. Annual contributions (including contributions to multi-employer plans reflected below) were \$3.1 million for Fiscal 2017, \$2.9 million for Fiscal 2016 and \$2.7 million for Fiscal 2015.

The Company participates in three multi-employer defined benefit pension plans with respect to certain collective bargaining agreements. If the Company chooses to stop participating in the multi-employer plan or if other employers choose to withdraw to the extent that a mass withdrawal occurs, the Company could be required to pay the plan a withdrawal liability based on the underfunded status of the plan. During Fiscal 2017, a subsidiary of the Company reached a settlement with respect to a notification of withdrawal liability by one of the multi-employer pension plans not considered significant. The settlement did not have a material effect on its financial position or results of operations.



**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Summarized below is certain information regarding the Company's participation in significant multi-employer pension plans including the financial improvement plan or rehabilitation plan status ("FIP/RP Status") and the zone status under the Pension Protection Act ("PPA"). The most recent PPA zone status available in Fiscal 2017 and Fiscal 2016 is for the plans' years ending December 31, 2015 and 2014, respectively.

Pension Fund	PPA Zone Status			
	Fiscal 2017	Fiscal 2016	FIP/RP Status	Surcharge Imposed
Central States, Southeast and Southwest Areas Pension Plan (EIN no. 36-6044243) (the "CSSS Fund")	Red	Red	Implemented	Yes
Western Conference of Teamsters Pension Trust Fund (EIN no. 91-6145047) (the "WCT Fund")	Green	Green	Not Applicable	No

For the plan years ended December 31, 2015 and December 31, 2014, the Company was not listed in the Form 5500 Annual Returns as providing more than 5% of the total contributions for the above plans. The collective bargaining agreements for employees in the CSSS Fund and the WCT Fund expire on October 18, 2021 and May 14, 2021, respectively.

The Company's contributions for all multi-employer pension plans for the last three fiscal years are as follow:

(In thousands)	Fiscal 2017	Fiscal 2016	Fiscal 2015
Pension Fund			
CSSS Fund	\$1,262	\$1,172	\$1,103
WCT Fund	477	485	637
Other multi-employer pension funds	201	448	306
<b>Total</b>	<b>\$1,940</b>	<b>\$2,105</b>	<b>\$2,046</b>

**10. COMMITMENTS AND CONTINGENCIES**

We lease buildings, machinery and equipment under various non-cancelable operating lease agreements expiring at various dates through 2026. Certain of these leases contain scheduled rent increases and/or renewal options. Contractual rent increases are taken into account when calculating the minimum lease payment and recognized on a straight-line basis over the lease term. Rent expense under operating lease agreements totaled \$12.0 million for Fiscal 2017, \$9.2 million for Fiscal 2016 and \$8.2 million for Fiscal 2015.

Our minimum lease payments under non-cancelable operating leases as of April 29, 2017 were as follows:

(In thousands)	
Fiscal 2018	\$ 8,216
Fiscal 2019	7,546
Fiscal 2020	6,168
Fiscal 2021	3,520
Fiscal 2022	1,904
Thereafter	2,922
<b>Total minimum lease payments</b>	<b>\$30,276</b>

As of April 29, 2017, we guaranteed the residual value of certain leased equipment in the amount of \$2.5 million. If the proceeds from the sale of such equipment are less than the balance required by the lease when the lease terminates on August 1, 2017, the Company shall be required to pay the difference up to such guaranteed amount.

The Company does not expect to incur a loss on such guarantee.

We enter into various agreements with suppliers for the purchase of raw materials, the terms of which may include variable or fixed pricing and minimum

purchase quantities. As of April 29, 2017, we had purchase commitments for raw materials of \$12.7 million through 2021.

As of April 29, 2017, we had purchase commitments for plant and equipment of \$2.6 million for Fiscal 2018.

From time to time, we are a party to various litigation matters and claims arising in the ordinary course of business. We do not expect the ultimate disposition of such matters to have a material adverse effect on our consolidated financial position or results of operations.

**11. QUARTERLY FINANCIAL DATA (UNAUDITED)**

(In thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>FISCAL 2017</b>				
Net sales	\$217,108	\$203,180	\$194,564	\$212,066
Gross profit	85,494	78,717	75,920	85,946
Net income	28,995	24,604	24,285	29,161
Earnings per common share – basic	\$ .62	\$ .53	\$ .52	\$ .63
Earnings per common share – diluted	\$ .62	\$ .53	\$ .52	\$ .62
<b>FISCAL 2016</b>				
Net sales	\$185,386	\$178,678	\$161,687	\$179,034
Gross profit	62,899	60,621	52,552	65,365
Net income	17,113	15,312	11,236	17,537
Earnings per common share – basic	\$ .37	\$ .33	\$ .24	\$ .37
Earnings per common share – diluted	\$ .37	\$ .33	\$ .24	\$ .37

**12. SUBSEQUENT EVENT**

On May 5, 2017, the Company declared a special cash dividend of \$1.50 per share to shareholders of record on June 5, 2017. The cash dividend of \$69.9 million will be paid on or before August 4, 2017.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of National Beverage Corp.

We have audited the accompanying consolidated balance sheets of National Beverage Corp. as of April 29, 2017 and April 30, 2016 and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended April 29, 2017. We also have audited National Beverage Corp.'s internal control over financial reporting as of April 29, 2017, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. National Beverage Corp.'s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Beverage Corp. as of April 29, 2017 and April 30, 2016 and the results of their operations and their cash flows for each of the years in the three-year period ended April 29, 2017, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, National Beverage Corp. maintained, in all material respects, effective internal control over financial reporting as of April 29, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

/s/ RSM US LLP  
Ft. Lauderdale, Florida  
July 13, 2017

## MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of National Beverage Corp., par value \$.01 per share, ("Common Stock") is listed on The NASDAQ Global Select Market under the symbol "FIZZ". The following table shows the range of high and low prices per share of the Common Stock for the fiscal quarters indicated:

	Fiscal Year Ended			
	April 29, 2017 High	Low	April 30, 2016 High	Low
First Quarter	\$64.73	\$46.50	\$24.94	\$19.98
Second Quarter	58.30	39.14	38.91	23.05
Third Quarter	54.65	44.21	48.01	35.50
Fourth Quarter	92.85	48.81	47.00	32.35

At June 26, 2017 there were approximately 19,000 holders of our Common Stock, the majority of which hold their shares in the names of various dealers and/or clearing agencies.

The Company paid special cash dividends on Common Stock of \$69.9 million (\$1.50 per share) on January 27, 2017. On May 5, 2017, the Company declared a special cash dividend of \$1.50 per share to holders of record as of June 5, 2017 to be paid on or before August 4, 2017.

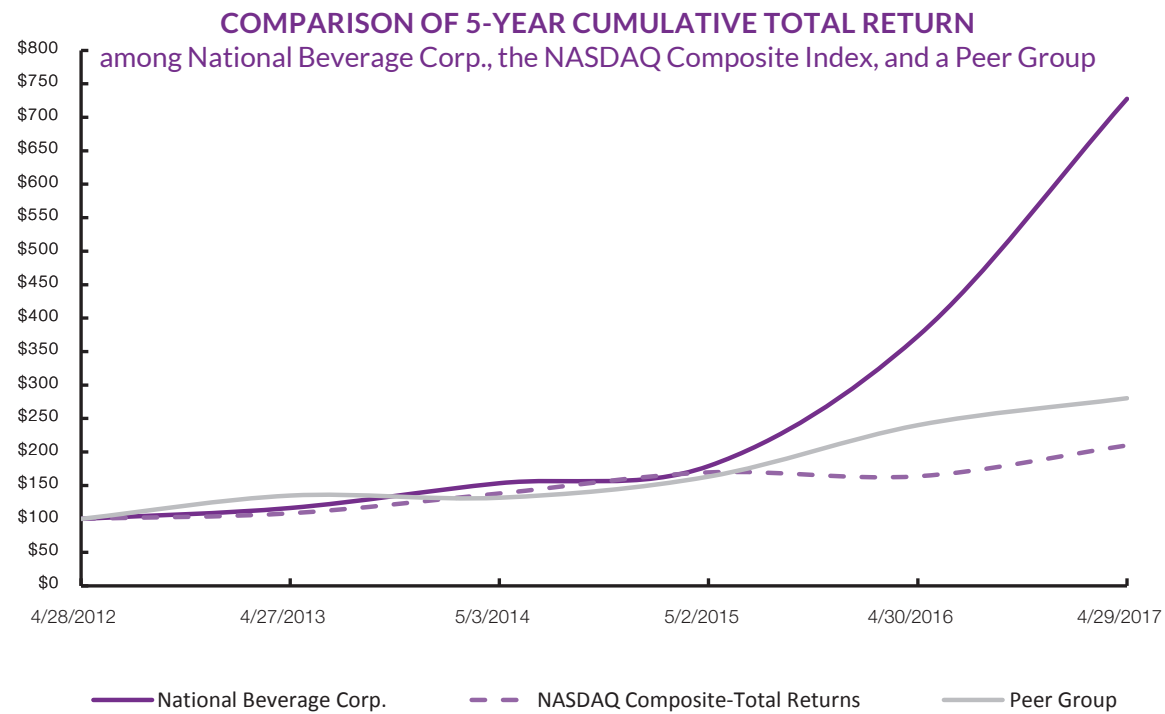
The Company is authorized under its stock buyback program to repurchase 1.6 million shares of Common Stock. As of April 29, 2017, 502,060 shares were purchased under the program and 1,097,940 shares were available for purchase. No shares of Common Stock have been repurchased during the last three fiscal years.

On January 25, 2013, the Company sold 400,000 shares of Special Series D Preferred Stock, par value \$1 per share ("Series D Preferred") for an aggregate purchase price of \$20 million. Series D Preferred had a liquidation preference of \$50 per share and dividends were accrued on this amount at an annual rate of 3% through April 30, 2014 and, pursuant to subsequent amendments, 2.5% thereafter. Dividends were cumulative and payable quarterly. The net proceeds of \$19.7 million were used to repay borrowings under the Credit Facilities.

On May 2, 2014, the Company redeemed 160,000 shares of Series D Preferred for an aggregate price of \$8 million plus accrued dividends. On August 1, 2014, the Company redeemed an additional 120,000 shares of Series D Preferred for an aggregate price of \$6 million plus accrued dividends. The final redemption of the remaining 120,000 shares of Series D Preferred was made on April 29, 2016 for an aggregate price of \$6 million plus accrued dividends.

## PERFORMANCE GRAPH

The following graph shows a comparison of the five-year cumulative returns of an investment of \$100 cash on April 28, 2012, assuming reinvestment of dividends, in (i) Common Stock, (ii) the NASDAQ Composite Index and (iii) a Company-constructed peer group consisting of Coca-Cola Bottling Company Consolidated and Cott Corporation. Based on the cumulative total return below, an investment in our Common Stock on April 28, 2012 provided a compounded annual return of approximately 49% as of April 29, 2017.



	4/28/2012	4/27/2013	5/3/2014	5/2/2015	4/30/2016	4/29/2017
National Beverage Corp.	\$100.00	\$116.25	\$153.27	\$178.88	\$372.92	<b>\$727.64</b>
NASDAQ Composite	100.00	108.32	137.99	169.47	163.64	<b>209.76</b>
Peer Group	100.00	134.80	131.60	163.15	239.99	<b>280.27</b>



*Fulfillment...*



## CORPORATE DATA

### DIRECTORS

**Nick A. Caporella**  
Chairman of the Board &  
Chief Executive Officer  
National Beverage Corp.

**Joseph G. Caporella**  
President  
National Beverage Corp.

**Cecil D. Conlee\***  
Founding Partner  
CGR Advisors

**Samuel C. Hathorn, Jr.\***  
Retired Chief Executive Officer  
Trendmaker Development Co.

**Stanley M. Sheridan\***  
Retired President  
Faygo Beverages, Inc.

\*Member Audit Committee

### CORPORATE MANAGEMENT

**Nick A. Caporella**  
Chairman of the Board &  
Chief Executive Officer

**Joseph G. Caporella**  
President

**George R. Bracken**  
Executive Vice President-  
Finance

**Gregory P. Cook**  
Vice President-Controller &  
Chief Accounting Officer

**Timothy C. Barker**  
Executive Director-  
Strategic IT

**Brent R. Bott**  
Executive Director-  
Consumer Marketing

**Gregory J. Kwederis**  
Executive Director-  
Beverage Analyst

**Kenneth A. Finneran**  
Senior Director-  
Human Resources

**Dominic H. Angelina**  
Director-Internal Audit

**Richard S. Berkes**  
Director-Risk Management

**Glenn G. Bryan**  
Director-Tax

**Michael M. King**  
Special Corporate Counsel

### SUBSIDIARY MANAGEMENT

**Alan A. Chittaro**  
President  
Faygo Beverages, Inc.

**Michael J. Bahr**  
Executive Vice President  
Shasta West

**James C.T. Bolton**  
Executive Vice President  
PACO, Inc.

**Alan D. Domzalski**  
Executive Vice President  
Sundance Beverage Company

**James H. Erwin III**  
Executive Vice President-Sales  
Shasta Beverages, Inc.

**Stephen E. Flis**  
Executive Vice President  
Shasta Sweetener, Inc.

**Arthur D. Hanrehan**  
Executive Vice President  
National BevPak

**James M. Jones**  
Executive Vice President  
Shasta Foodservice

**Tammera K. Atkins**  
Vice President  
Rip It Energy Fuel

**John F. Hlebica**  
Vice President  
Shasta Beverages Intl.

**Worth B. Shuman III**  
Vice President  
Military Sales

### SUBSIDIARIES

BevCo Sales, Inc.  
Beverage Corporation Intl., Inc.  
Big Shot Beverages, Inc.  
Everfresh Beverages, Inc.  
Faygo Beverages, Inc.  
LaCroix Sparkling Water, Inc.  
National Beverage Vending Co.  
National Retail Brands, Inc.  
NewBevCo, Inc.  
NutraFizz Products Corp.  
PACO, Inc.  
Shasta Beverages, Inc.  
Shasta Beverages Intl., Inc.  
Shasta Sales, Inc.  
Shasta Sweetener Corp.  
Shasta West, Inc.  
Sundance Beverage Company

### CORPORATE OFFICES

8100 Southwest Tenth Street  
Fort Lauderdale, FL 33324  
954-581-0922

### ANNUAL MEETING

The Annual Meeting of  
Shareholders will be held on  
Friday, October 6, 2017 at  
2:00 p.m. local time at the  
Hyatt Regency Orlando  
International Airport Hotel,  
9300 Jeff Fuqua Boulevard,  
Orlando, FL 32827.

### FINANCIAL AND OTHER INFORMATION

A copy of National Beverage  
Corp.'s Annual Report, Annual  
Report on Form 10-K, and other  
financial information can be  
found on the company's website  
(www.nationalbeverage.com) or  
may be obtained without charge  
by writing or calling:  
National Beverage Corp.  
Shareholder Relations  
8100 Southwest Tenth Street  
Fort Lauderdale, FL 33324  
Telephone:  
877-NBC-FIZZ (877-622-3499)

### STOCK EXCHANGE LISTING

Common Stock is listed on  
The NASDAQ Global Select  
Market – symbol *FIZZ*.

### TRANSFER AGENT AND REGISTRAR

Computershare  
462 South 4th Street  
Suite 1600  
Louisville, KY 40202  
888-313-1476  
www.computershare.com/investor

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

RSM US LLP  
Fort Lauderdale, FL



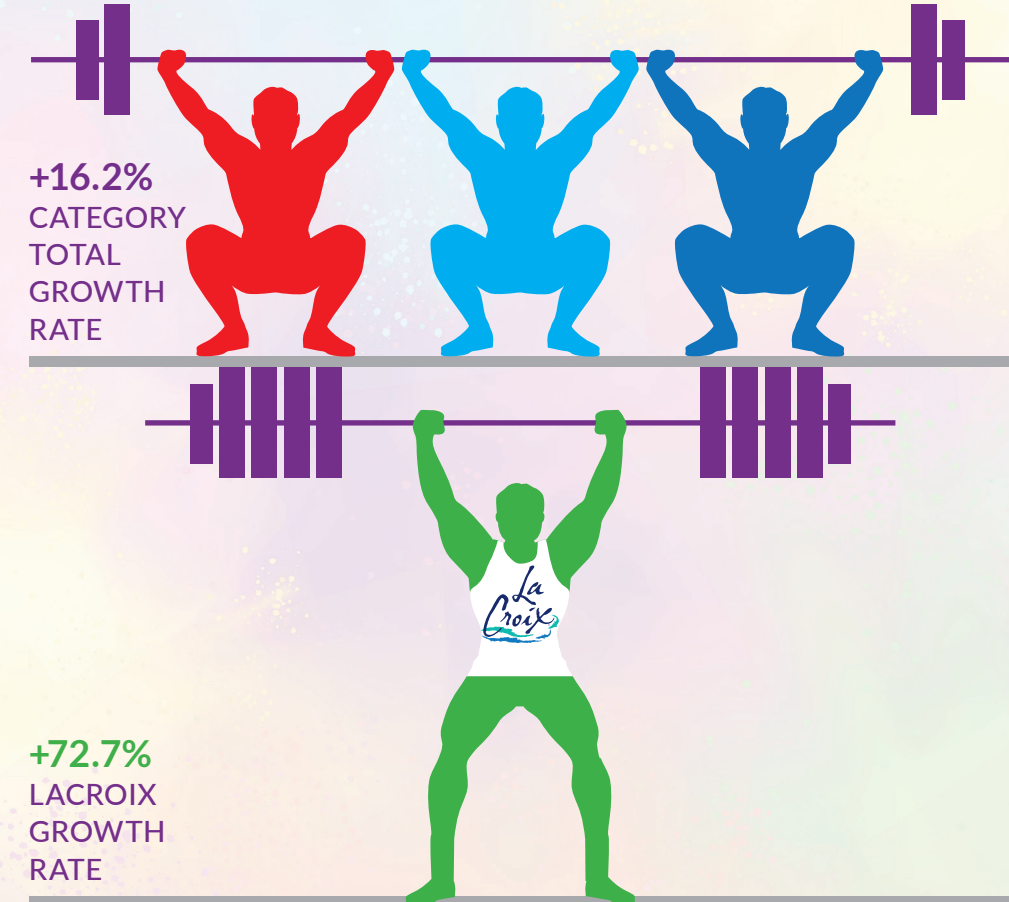
## LACROIX BRAND POWER

### CATEGORY GROWTH RATE VS. LACROIX GROWTH RATE

### TOTAL SPARKLING WATER CATEGORY

GROWTH RATE: +16.2%

2015 - 2016



### NATURAL SPARKLING WATER

LACROIX GROWTH RATE  
4.5X FASTER\*

**\$13 – \$15 BILLION CATEGORY BY 2021**  
PROJECTED CATEGORY GROWTH RATE\*\*

\*Source: Nielsen Spectra June 2017

\*\*Source: ©2016 Beverage Marketing Corp.

*Hello . . .  
dandelion!*

*The common and humble  
Dandelion has a surprising amount of  
different meanings.*

*Healing from emotional pain and physical injury alike.  
Intelligence, especially in an emotional and spiritual sense.  
The warmth and power of the rising sun.  
Surviving through all challenges and difficulties.  
Long-lasting happiness and youthful joy.  
Getting your wish fulfilled!*



*National Beverage Corp.*

8100 Southwest Tenth Street, Fort Lauderdale, Florida 33324

954.581.0922

[www.nationalbeverage.com](http://www.nationalbeverage.com)