

Hello and welcome to Virtual Investor Conferences. On behalf of OTC Markets, we are very pleased you have joined us for our quarterly small-cap growth virtual conference. Our next presentation is from Reed's. Please note you may submit questions for the presenter in the box to the left of the slides. You can also view a company's availability for a one-on-one meeting by clicking book a meeting in the top toolbar.

At this point, I'm very pleased to welcome Cyril Wallace, Chief Executive Officer, and Doug McCurdy, Chief Financial Officer of Reeds, which trades on the OTCQX best market under the symbol REED. Welcome, Cyril and Doug.

Thanks, Greg. Thank you. I appreciate it. Thanks for the intro. Yeah, no, and it's great to be here this afternoon. I appreciate everyone joining. Really excited to talk a little bit about our business here with you all. Let me just start off by saying that, really excited. Been here with the business now going on two months, a longstanding career within the business and consumer packaged good itself. Really excited to come on and talk about, our business here and some of the incredible things that we're doing with Reed's.

Reed's has, just an incredible longstanding history and they started back in the eighties and have grown into this, very recognizable brand. And I think for most people that say that they tried, our products, that, they're really impressed with the quality of the product and certainly the journey that our product has been on.

And so I think, as you look at some of the key milestones here, we started back in the eighties. We've, since we've added to our portfolio with Virgil's back in 1999. And then, we've expanded innovation in 2011, and then we launched, what I believe is, one of the cornerstones and one of the best ginger ales out on the marketplace in 2020.

And then really excited, and I'll talk to you just a little bit about some incredible innovation that we just launched this year that's on par, I believe, with where consumers are headed. When you think about, our business, right? I mean our, ginger ale, ginger beer and this, FMB or Flavor Malt Beverage is certainly an area that consumers are continuing to lean into and certainly as we continue to evolve and think through innovation.

And I think there's areas within each one of these that still within the US market still has legs and that are growing. And it's growing exponentially. And so I think here at Reeds we are, thinking of ways, how do we continue to position our brands, position our products, and position our innovation for the future to be relevant and continue to capture sales.

So if you look at our overall product portfolio, this is just a quick snapshot of our brands and the different places that we play in, Reed's Ginger Ale, ginger beer. We started Ginger beer, then we expanded to Ginger Ale. We know Ginger just in terms of how we manufacture and produce our ginger ale.

We then have this incredible brand in Virgil's, which is more of this craft soda. And so if you haven't tried it, it's a really good, craft soda. And then in, in terms of this, FMB right? I think this is an area that, consumers are certainly continuing to lean into, and it's an area that we're, that we continue to invest and lean into as well.

And then for those that are really good fans of Reed's that really know our brands and know how we operate, certainly during the holiday season time we offer these holiday seasonal items that our consumers love and they write into us about, and they're really excited about launching these every year.

But if we think about ginger beer, right? This is obviously a fan favorite. It's what Reed's does extremely well. You can see the overall share in terms of what we represent in the marketplace, but also the fact that ginger beer in traditional and non-traditional channels is still an area that continues to grow.

And it's an area that, here within the US we feel like we have an opportunity and a right to win and continue to expand in different channels in different places. And ginger ale right? Like I said, we talked about ginger ale is still on the search here in the US It's a market and a sub cat that continuously performs well.

And we're continuing to expand into different and unique spaces. And certainly when I think about, food service, on premise, convenience, even in dollar stores, there's this enormous opportunity for us to build upon our current distribution in a CV beyond where we are today, just given where the category continues to grow and outperform.

And it's a unique formula, right? It's really all natural. And our ginger is sourced from some of the, the highest quality gingers in the world in terms of how we produce and make our product. And it is just absolutely incredible. And it's functional, right? It's, we know that consumers are using ginger ale or ginger-based products for multifunctional uses in the US and, so we were excited to, to also to be on par in terms of where consumers, were headed, launching our zero sugar ginger ale as well too.

But then there's this other places, FMB or flavor of malt beverages, continues to be an area that you know continues to grow in the us. We are excited to be a part of this category, sub cat with, certain flavor offerings here, like our ginger ale, our ginger mules that have, really done a nice job. They come on board here. We recently have our, our ultimate mule here, which is a zero based classic mule.

We know that, flavor malt beverages and on-premise restaurant bar locations. And even in general retail, it certainly has legs and has an opportunity for us to grow. And I think for us it's, how do we take what we're currently doing today and figure out niche ways to build upon that.

And I think, for us, we're uniquely in a really good spot as it relates to how we produce our products with ginger base and there's a wide variety of different innovations then and different directions that we could go with our products. So we're really excited about that.

And then we have this incredible brand in terms of Virgil's right? And, we've recently expanded, we continue to expand and leverage our zeros. We know that consumers are really focused on, healthy habits, zero sugar, zero base products. And our portfolio and our can, and our packaging is I think adequately, positioned to, continue to outperform and do extremely well. I'd say certainly we probably got an incredible opportunity to continue to place these items and others in different locations. But, it's definitely a really great lineup of, full sugar or cane sugar. And then

also our zero base items as well too, and the different flavors that we offer. I think it's a really incredible product. It's doing well. I think our sales team is focused on, putting it in new places so consumers can enjoy it.

And then one of the things I, we talked about the outset is this whole notion of prebiotics and, innovation that we just recently launched this year. It's our functional beverage line. And we're already starting to see repeat orders come in on this product. Consumers are really leaning into this, functional use beverage, prebiotic beverage. And I think for us, very similar to what I said as it relates to FMB, this is yet another area with, ginger, where we do ginger really well, that really makes sense and adds this functional use to enjoy and carbonated soda in a different way.

And our four flavors here. And then there's a few other flavors that we're looking to launch as we head into 2026 that we're super excited about. So we'll continue to lean into this place and monitor it, but we're really excited about what our sales team has been able to do with this brand.

And then you can see our broad distribution, right? We've had some huge wins here and our products are distributed. In a lot of places, name-brand retailers, large-scale retailers across the us. And certainly within that, 32,000 doors we know here at Reed's that there's still more opportunity out there. There's still more channels that we have to get into. There's more consumers that, that are out there that we still have to bring underneath our umbrella. And we're, we're just excited about the future on and where we're headed with this product and our brand.

With that, I will turn it over to Doug to walk you through a little bit about performance.

Alright. Thanks so much, Cyril.

Let me just navigate through a few of the strategic initiatives that we've taken to strengthen the liquidity position. If we look back to fourth quarter of 2024, the company did a recapitalization. That recapitalization reduced debt and also recapitalized the company with an infusion of equity through a PIPE transaction that actually closed right at the end of the year at the end of December.

And that recapitalization reset the balance sheet and allowed us to reinvest in working capital in a way that the company hadn't been able to do in the past. And it allowed us to rebuild our, what I'll call our operating ecosystem at the same time and get ourselves to a more efficient system and build inventory to a place where we had what we need to meet our customer demand. So debt obligations, materially reduced new \$10 million credit facility. And, brought in some new management team and adjusted what I'll call board and leadership. And, put a renewed focus on profitable growth.

That idea of profitable growth the company has not achieved yet at least what I'll call in the current year period with the new management team. But that idea of moving forward towards breakeven and profitability, net profitability is a very important milestone for the company.

Initiatives that we've taken or are taking to drive growth and better balance ourselves towards profitability. The top line growth piece: sales velocity. We're looking very closely from a sales perspective at our existing customer base and what the velocity is off shelves and through those channels.

And we're also looking at channel expansion and taking some steps with channel expansion, innovation particularly around the functional products that Cyril had mentioned earlier in addition to at least some of the other, zero sugar, or ginger ale or things like that.

Margin expansion is certainly very important for us. Margins in the past have been somewhat compressed and as we look with the recapitalized balance sheet and some of the benefits that we have. With that. We're also looking to drive efficiencies through the margin piece of the puzzle. And it affects the raw materials from ingredients to packaging through co-packing and distribution.

OPEX management, candidly, or SG&A is a little bit on the higher side. That was shown in first quarter. And what that really reflects is investment in growth initiatives particularly on the human resources side. That growth needs to catch up to some of that investment. As we look to balance the SG&A piece of the puzzle out for the overall company and logistics and warehouse cost reductions.

We're very focused on that. And, anecdotally, one of the things that we saw early in the first quarter when the company didn't have the inventory position balanced properly or as we wanted to grow into we saw a little bit of logistics that instead of. East coast production being centered on the East coast for distribution as well.

There was a little bit of cross-country zigging and zagging that we've been able to grow out of after the first few months of first quarter. We're excited about some opportunity to see continued improvement there. Key performance indicators in the form of revenue EBITDA and gross margin.

Generally, the company has reset the revenue piece of the puzzle as we've come into first quarter of 2025 and really first half. And so what we expect to see going forward is sequential revenue growth. On the gross sales side. And then as we manage our trade spend and discounts we would expect to see.

Net sales also have sequential growth. It's really where we're focused as we look to kind of balance operating performance on the top line going forward. On the margin side, we're really trying to maintain and improve our margins to be somewhere in the mid-thirties. And as we move forward and what I'll say, this lead leadership team gets to know the business a little bit more and gets to drive the business a little bit more. We would hope that we can move those margins up to the high thirties and at some point approach 40% investment highlights. Just to zip through this efficiently, the company is a seasoned beverage company. It's been around for a long time, almost 40 years. And I think the exciting thing that the new management team believes in is the strength of the brand and how good the product is: craft, natural, premium.

And we're very centered on continuing to make a great product that is good for people. As they consider their beverage choices going forward, the new multifunctional line soda, soda Smarter is the tagline we have there. But that new functional line actually plays on what I'll call the history of the company.

And you know what I mean by that is, the company with its ginger base has always been a functional or better-for-you beverage. The channel partnerships we've got a good base set. And as Cyril mentioned earlier, we're very much focused on growing out that channel set and growing out our customer base in the US and as we continue to build in the US we're also looking at select international markets.

From a strategic perspective, the newly appointed management team we're excited about the opportunity. I think with that opportunity comes great responsibility to go out and actually execute and capture that opportunity. So we're focused on that. And, the near-term catalyst again I think what we've been given by the board is a nice opportunity with the recapitalization and cleaned-up balance sheet. A great brand and an opportunity going forward and we're really excited about the opportunity to capitalize and go execute on that. And at this point I think we're have time for the q and a.

So there's a couple of questions come in. There's a question around distribution wins on new products. I can tell you that, focus on multifunctional has been the sales team's focus since we've launched. We've had some, wins Dwayne Reed and Costco, and it's in Kroger in certain divisions today. And obviously, in terms of its performance, we're seeing repeat orders still very new. In the few weeks or so, we'll have, more of the IRI data to be able to tell us a little bit more and give us a peek in the window how it's performed across the sub.

Ideally though, you get a sense from what you're hearing directly from your sales team, which is direct feedback, what you're hearing from customers and so far it's all promising. So we're looking forward to getting more distribution on our new functional line and seeing it in different places.

And I think as a part of that too as well, I think there's certainly work that we're gonna do in terms of marketing the product and making sure that it's divisible to help draw some demand. And then there is a question on our distributors and different partners. Listen, what I would tell you is that we are working to build our business and do it the right way.

And expanding into new channels, into new places. And obviously there's areas where we currently run and operate today. If you recall that one slide is in terms of customers that we partner with across the country, with our core products, which, you know, we. We can't lose focus on, right?

In terms of how do we continue to build for the future. Our core business is gonna play a big part in that. And even where we're running and operating today, we still have an opportunity to build distribution among our core products and then certainly bring in, new channels, new places where we're not where we don't run and operate.

Today. As I spoke about that is going to, generate huge upside for us. We are really excited about continuing to lean into these spaces and we feel like we have a right to given our product and how viable they are within the category.

Yeah, I think we touched on quite a bit of the questions that have come in, but we certainly appreciate everyone taking the time to join and listen in to our presentation today. We really

appreciate you guys being in tuned, and certainly if there's anything that you know, we have not answered over the course of the last 15 to 20 minutes or so, then we'll be happy to circle back with anyone offline.

But thank you so much for the opportunity to share and hear a little bit more about our journey and where we're headed.