

REED'S, INC.  
Form S-1  
February 14, 2018

As filed with the Securities and Exchange Commission on February 14, 2018

Registration No. 333-\_\_\_\_\_

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

**REED'S, INC.**

(Exact name of registrant as specified in its charter)

<b>Delaware</b>	<b>2086</b>	<b>35-2177773</b>
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**13000 South Spring Street**

**Los Angeles, California 90061**

**(310) 217-9400**

(Address and telephone number of principal executive offices and principal place of business)

**Valentin Stalowir**

**Chief Executive Officer**

**13000 South Spring Street**

**Los Angeles, California 90061**

**(310) 217-9400**

(Name, address and telephone number of agent for service)

*With copy to:*

**Ruba Qashu**

**Libertas Law Group, Inc.**

**225 Santa Monica Boulevard, 5<sup>th</sup> Floor**

**Santa Monica, CA 90401**

**Telephone: (949) 355-5405**

**Fax: (310) 356-1922**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. []

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective Registration Statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [ ]  
 Non-accelerated filer [ ] Smaller reporting company [X]  
 (Do not check if a smaller reporting company)

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered (1)</b>	<b>Proposed Maximum Offering Price per Share</b>	<b>Estimated Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
<i>Secondary Offering by Selling Shareholders:</i>				
Common stock, par value \$0.0001 per Share, issuable upon exercise of warrant	750,000	\$ 1.60	(2) \$1,200,000	
Common Stock, par value \$0.0001 per share, issuable upon conversion of Convertible Non-Redeemable Secured Promissory Note	2,666,667	\$ 1.60	(2) \$4,266,667	
<b><u>TOTAL</u></b>	<b>3,416,667</b>		<b>\$5,466,667</b>	<b>\$ 680.60 (3)</b>

(1) Pursuant to Rule 416 under the Securities Act, the shares being registered hereunder include such indeterminate number of shares of common stock as may be issuable with respect to the shares being registered hereunder as a result of stock splits, stock dividends or similar transactions.

(2) Calculated pursuant to Rule 457(g).

(3) Paid upon filing of this registration statement on Form S-1.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**The information in this prospectus is not complete and may be changed. The selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is prohibited.**

**Subject to completion, dated February 14, 2018**

## **PRELIMINARY PROSPECTUS**

**REED'S, INC.**

### **3,416,667 Shares of Common Stock**

This prospectus covers the resale by the selling shareholders identified in the "Selling Shareholders" section of this prospectus of up to an aggregate of 750,000 shares of our common stock issuable upon the exercise of a warrant (the "Warrant") and 2,666,667 shares of our common stock issuable upon the conversion of a Convertible Non-Redeemable Secured Promissory Note in the original principal amount of \$3,400,000. We will not receive any of the proceeds from the sale of shares of our common stock by the selling shareholders. We will receive up to \$1,125,000 from the exercise of the warrants.

Shares of our common stock are traded on the NYSE American under the symbol "REED". On February 12, 2018, the closing sales price for our common stock was \$1.60 per share.

Investing in our common stock involves substantial risk. In reviewing this prospectus, you should carefully consider the matters described under the heading "Risk Factors" beginning on page 8.

Neither we nor any selling shareholder has authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. This is not an offer to sell nor a solicitation of an offer to buy securities in any jurisdiction where it would be unlawful.

**The date of this prospectus is [                      ], 2018**

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## **ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement on Form S-1 that we filed with the Securities and Exchange Commission (the “SEC”).

Unless the context otherwise requires, “Reed’s,” “Company,” “we,” “us” and “our” refer to Reed’s, Inc., and “selling shareholder” and “selling shareholder” refer to one or more selling shareholders identified in the “Selling Shareholders” section of this prospectus. References to “securities” include any security that we or the selling shareholders might offer under this prospectus or any prospectus supplement.

We have filed or incorporated by reference exhibits to the registration statement of which this prospectus forms a part. You should read the exhibits carefully for provisions that may be important to you.

We have not authorized any dealer, salesperson or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which it relates, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus is accurate on any date subsequent to the date set forth on its front cover or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus is delivered or securities are sold on a later date.

## **THE COMPANY**

We currently develop, manufacture, market and sell natural non-alcoholic carbonated soft drinks, and candies. In the past we have manufactured, licensed, marketed and sold several unique product lines that have included:

Reed’s Ginger Brews,

Virgil’s Root Beer, Cream Sodas, Dr. Better and Real Cola, including ZERO diet sodas,

Culture Club Kombucha,

Reed's Ginger candy and other Reed's labeled products,

Sonoma Sparkler and other juice based products under the California Juice Company label.

We also have a private label business.

We sell our products throughout the US and in select international markets. We started in specialty gourmet and natural food stores and have moved more into mainstream over time. We estimate that our products are sold in well over 22,000 natural, conventional, drug, club and mass merchandise accounts in the US, with approximately 10,000 of those being mainstream supermarkets. We sell our products through a network of natural, gourmet and beer distributors and direct to certain large national retailers.

We produce and co-pack our beverage products in part at our facility in Los Angeles, California, known as the LA Plant and in the past "The Brewery". We also have also contracted at co-packing facilities in Pennsylvania and Indiana. Future use of the LA Plant and all co-packers is under review. The co-pack facilities typically service the eastern half of the United States and nationally for certain products that we do not produce at the LA Plant.

Key elements of our business strategy include:

increase our relationship with and sales to the approximately 15,000 supermarkets that carry our products in natural and mainstream and capture more of the 30,000 supermarkets nationwide,  
expand our distribution network by adding regional direct store delivery (DSD's) and additional direct accounts,  
focus on consumer demand and awareness for our core existing brands and products through promotions and advertising,  
produce our products at the lowest cost locations while maintaining quality,  
produce private-label products for select customers under strategic alliances,  
lower our cost of sales for our products by gaining economies of scale in our purchasing, and  
optimize the size and focus of our sales force to manage our relationships with distributors and retail outlets.

We create consumer demand for our products by:

supporting in-store sampling programs of our products,  
generating free press through public relations,  
advertising in store publications,  
maintaining a company website ([www.reedsinc.com](http://www.reedsinc.com)),  
active social media campaigns on [facebook.com](https://www.facebook.com), [twitter.com](https://www.twitter.com) and [youtube.com](https://www.youtube.com),  
participating in large public events as sponsors, and  
in the recent past deployed a national television commercial on cable television networks.

*Corporate Information*

Our principal executive offices are located at 13000 South Spring Street, Los Angeles, California 90061. Our telephone number is (310) 217-9400. Our corporate website is [www.reedsinc.com](http://www.reedsinc.com). Information contained on our website or that is accessible through our website should not be considered to be part of this prospectus. Our transfer agent is Transfer Online, Inc., telephone (503) 227-2950.

## **WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act, with respect to the shares of common stock being offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information in the registration statement and its exhibits. For further information about the Company and the common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov). You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, NE, Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. We will also provide you with a copy of any or all of the reports or documents that have been incorporated by reference into this prospectus or the registration statement of which it is a part upon written or oral request, and at no cost to you. If you would like to request any reports or documents from the company, please contact:

#### Shareholder Services

Reed's, Inc.

13000 South Spring Street

Los Angeles, California 90061

(310) 217-9400, extension 28 or [dmiles@reedsinc.com](mailto:dmiles@reedsinc.com)

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and web site of the SEC referred to above. We also maintain a website at [www.reedsinc.com](http://www.reedsinc.com), at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on or accessible through our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

#### **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements, within the meaning of the Federal securities laws, which involve substantial risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "outlook", "believes", "plans", "intends", "expects", "goals", "potential", "continues", "may", "should", "seeks", "will", "would", "approximately", "predicts", "estimate" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. You should read statements that contain these words carefully because they discuss our plans, strategies, prospects and expectations concerning our business, operating results, financial condition and other similar matters. We believe that it is important to communicate our future expectations to our investors. There will be events in the future, however, that we are not able to predict accurately or control. The factors listed under "Risk Factors" in this prospectus and in any documents incorporated by reference into this prospectus as well as any

cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Such risks and uncertainties include, among other things, risks and uncertainties related to:

Our ability to generate sufficient cash flow to support capital expansion plans and general operating activities;

Decreased demand for our products resulting from changes in consumer preferences;

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

The introduction of new products;

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

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

Our ability to penetrate new markets and maintain or expand existing markets;

Maintaining existing relationships and expanding the distributor network of our products;

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

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

The availability and cost of capital to finance our working capital needs and growth plans;

The effectiveness of our advertising, marketing and promotional programs;

Changes in product category consumption;

Economic and political changes;

Consumer acceptance of new products, including taste test comparisons;

Possible recalls of our products;

Our ability to make suitable arrangements for the co-packing of any of our products;

Our ability to find alternative copacking and production facilities for our Kombucha and Private Label products if our Los Angeles production facility is damaged by a disaster; and

Our ability to continue to meet continued listing requirements for the NYSE American.

Before you invest in our securities, you should be aware that the occurrence of the events described in these risk factors and elsewhere in this prospectus under the heading "Risk Factors" could have a material adverse effect on our business, results of operations and financial position. Any forward-looking statement made by us in this prospectus speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ will emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. You are advised to consult any further disclosures we make on related subjects in the reports we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act.

## **THE OFFERING**

This prospectus covers the resale by the selling shareholders identified in the “Selling Shareholders” section of this prospectus of up to an aggregate of 3,416,667 shares of our common stock issuable upon the exercise of a warrant and the conversion of a Convertible Non-Redeemable Secured Promissory Note. We will not receive any of the proceeds from the sale of shares of our common stock by the selling shareholders. We will receive up to \$1,125,000 from the exercise of the warrant.



### **Private Placement of Securities**

December 6, 2017, we entered into a definitive Backstop Agreement with Raptor/ Harbor Reeds SPV, LLC, a significant shareholder of the Company, (“Raptor”), whereby Raptor agreed to purchase from us, as a backstop to our 2018 rights offering, a minimum of \$6 million of units pursuant to its subscription rights and in a private placement, subject to customary terms and conditions. As compensation for the backstop commitment and subject to the closing of the rights offering, we issued to Raptor, five-year warrants to purchase 750,000 shares of our common stock. These Warrants have an exercise price equal to \$1.50, are not exercisable for a term of 180 days and have a cashless exercise feature. We also agreed to register the shares of common stock underlying these Warrants. We will be subject to certain liquidated damages if we do not register the shares within the prescribed time frame.

Further, on December 6, 2017, we entered into an amendment agreement with Raptor, extending its Convertible Non-Redeemable Secured Promissory Note in the original principal amount of \$3,400,000 by twenty-four months in exchange for amending the conversion price of the note from \$3.00 to \$1.75. Concurrently with the reduction of the subscription price in the rights offering, we also agreed to further reduce the conversion price to \$1.50. We also agreed to register the shares of common stock issuable upon conversion of the note. We will be subject to certain liquidated damages if we do not register the shares within the prescribed time frame.

The proceeds of the warrant exercises will be used by Reed’s for general corporate purposes.

## **RISK FACTORS**

Our business is influenced by many factors that are difficult to predict and that involve uncertainties that may materially affect our actual operating results, cash flows and financial condition. Before making an investment decision in our securities, you should carefully consider the specific factors set forth below together with all of the other information appearing in this prospectus or incorporated by reference into this prospectus in light of your particular investment objectives and financial circumstances.

### **Risks Relating to Our Business**

*We have a history of operating losses. If we continue to incur operating losses, we eventually may have insufficient working capital to maintain or expand operations according to our business plan.*

Our loss from operations was (\$5,647,000) in the nine months ended September 30, 2017, as compared to a loss of (\$1,352,000) in the same period of 2016 or an overall increase in the loss of \$4,295,000. The loss was comprised of the decrease in net sales revenue of \$5,280,000, and increases in operating expense categories that totaled \$1,744,000. Loss from operations was (\$3,053,000) in the year ended December 31, 2016, as compared to loss from operations of (\$2,730,000) in 2015 or an increase of \$323,000. The increase in the operating loss is due to the decline in sales that were not offset by similar reduction in cost of goods sold that resulted in a lower gross profit of \$2,623,000. The lower gross profit was mirrored by a similar decrease in expenses of \$2,300,000.

If we continue to suffer losses from operations, our working capital may be insufficient to support our ability to expand our business operations as rapidly as we would d