

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended January 30, 2021

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

Commission file number 1-14170

**NATIONAL BEVERAGE CORP.**

(Exact name of registrant as specified in its charter)

Delaware  
(State of incorporation)

59-2605822  
(I.R.S. Employer Identification No.)

8100 SW Tenth Street, Suite 4000, Fort Lauderdale, FL 33324  
(Address of principal executive offices including zip code)

(954) 581-0922  
(Registrant's telephone number including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	FIZZ	The NASDAQ Global Select Market

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

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

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

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

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

The number of shares of registrant's common stock outstanding as of March 8, 2021 was 93,301,146.

**NATIONAL BEVERAGE CORP.  
QUARTERLY REPORT ON FORM 10-Q  
INDEX**

**PART I - FINANCIAL INFORMATION**

	<u>Page</u>
<a href="#">Item 1. Financial Statements (Unaudited)</a>	
<a href="#">Condensed Consolidated Balance Sheets as of January 30, 2021 and May 2, 2020</a>	3
<a href="#">Condensed Consolidated Statements of Income for the Three and Nine Months Ended January 30, 2021 and January 25, 2020</a>	4
<a href="#">Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended January 30, 2021 and January 25, 2020</a>	5
<a href="#">Condensed Consolidated Statements of Shareholders' Equity for the Three and Nine Months Ended January 30, 2021 and January 25, 2020</a>	6
<a href="#">Condensed Consolidated Statements of Cash Flows for the Nine Months Ended January 30, 2021 and January 25, 2020</a>	7
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	8
<a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	12
<a href="#">Item 3. Quantitative and Qualitative Disclosures About Market Risk</a>	15
<a href="#">Item 4. Controls and Procedures</a>	15

**PART II - OTHER INFORMATION**

<a href="#">Item 1A. Risk Factors</a>	16
<a href="#">Item 6. Exhibits</a>	16
<a href="#">Signature</a>	17

## PART I - FINANCIAL INFORMATION

**ITEM 1. FINANCIAL STATEMENTS**  
**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(In thousands, except share data)

	January 30, 2021	May 2, 2020
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 153,306	\$ 304,518
Trade receivables - net	75,669	84,921
Inventories	71,125	63,482
Prepaid and other assets	13,094	7,791
Total current assets	313,194	460,712
Property, plant and equipment - net	126,372	120,627
Right-of-use assets	38,637	47,884
Goodwill	13,145	13,145
Intangible assets	1,615	1,615
Other assets	4,513	4,663
Total assets	<u>\$ 497,476</u>	<u>\$ 648,646</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 71,368	\$ 74,369
Accrued liabilities	44,618	42,476
Short-term lease obligations	14,334	16,980
Income taxes payable	297	7,863
Total current liabilities	130,617	141,688
Deferred income taxes - net	17,562	14,823
Long-term lease obligations	26,099	32,159
Other liabilities	7,182	7,639
Total liabilities	181,460	196,309
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 - 200,000,000 shares authorized; 101,674,058 shares issued (101,606,368 shares at May 2, 2020)	1,017	1,016
Additional paid-in capital	38,187	37,422
Retained earnings	298,541	443,402
Accumulated other comprehensive income (loss)	2,354	(5,420)
Treasury stock - at cost:		
Series C preferred stock - 150,000 shares	(5,100)	(5,100)
Common stock - 8,374,112 shares	(19,133)	(19,133)
Total shareholders' equity	316,016	452,337
Total liabilities and shareholders' equity	<u>\$ 497,476</u>	<u>\$ 648,646</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	January 30, 2021	January 25, 2020	January 30, 2021	January 25, 2020
Net sales	\$ 245,931	\$ 222,814	\$ 811,107	\$ 737,993
Cost of sales	150,267	140,719	490,176	466,510
Gross profit	95,664	82,095	320,931	271,483
Selling, general and administrative expenses	47,501	48,882	144,507	152,049
Operating income	48,163	33,213	176,424	119,434
Other income - net	64	981	402	2,734
Income before income taxes	48,227	34,194	176,826	122,168
Provision for income taxes	11,540	7,631	41,811	28,409
Net income	\$ 36,687	\$ 26,563	\$ 135,015	\$ 93,759
Earnings per common share:				
Basic	\$ .39	\$ .29	\$ 1.45	\$ 1.01
Diluted	\$ .39	\$ .28	\$ 1.44	\$ 1.00
Weighted average common shares outstanding:				
Basic	93,296	93,200	93,273	93,266
Diluted	93,610	93,604	93,624	93,706

See accompanying Notes to Condensed Consolidated Financial Statements.

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
(In thousands)

---

	Three Months Ended		Nine Months Ended	
	January 30, 2021	January 25, 2020	January 30, 2021	January 25, 2020
Net income	\$ 36,687	\$ 26,563	\$ 135,015	\$ 93,759
Other comprehensive income, net of tax:				
Cash flow hedges	885	123	7,774	558
Comprehensive income	<u>\$ 37,572</u>	<u>\$ 26,686</u>	<u>\$ 142,789</u>	<u>\$ 94,317</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)**

(In thousands)

	Three Months Ended				Nine Months Ended			
	January 30, 2021		January 25, 2020		January 30, 2021		January 25, 2020	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
<b>Series C Preferred Stock</b>								
Beginning and end of period	150	\$ 150	150	\$ 150	150	\$ 150	150	\$ 150
<b>Common Stock</b>								
Beginning of period	101,664	1,017	101,390	1,014	101,606	1,016	101,356	1,013
Stock options exercised	10		120	1	68	1	154	2
End of Period	101,674	1,017	101,510	1,015	101,674	1,017	101,510	1,015
<b>Additional Paid-In Capital</b>								
Beginning of period		37,944		36,830		37,422		36,557
Stock options exercised		72		259		475		406
Stock-based compensation		171		63		290		189
End of period		38,187		37,152		38,187		37,152
<b>Retained Earnings</b>								
Beginning of period		541,730		380,626		443,402		313,430
Net income		36,687		26,563		135,015		93,759
Common stock cash dividend		(279,876)		-		(279,876)		-
End of period		298,541		407,189		298,541		407,189
<b>Accumulated Other Comprehensive Income (Loss)</b>								
Beginning of period		1,469		(1,108)		(5,420)		(1,543)
Cash flow hedges, net of tax		885		123		7,774		558
End of period		2,354		(985)		2,354		(985)
<b>Treasury Stock - Series C Preferred</b>								
Beginning and end of period	150	(5,100)	150	(5,100)	150	(5,100)	150	(5,100)
<b>Treasury Stock - Common</b>								
Beginning of period	8,374	(19,133)	8,066	(12,900)	8,278	(19,133)	8,066	(12,900)
Stock repurchase	-	-	212	(4,319)	96	-	212	(4,319)
End of period	8,374	(19,133)	8,278	(17,219)	8,374	(19,133)	8,278	(17,219)
<b>Total Shareholders' Equity</b>		<b>\$ 316,016</b>		<b>\$ 422,202</b>		<b>\$ 316,016</b>		<b>\$ 422,202</b>

See accompanying Notes to Condensed Consolidated Financial Statements.

**NATIONAL BEVERAGE CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(In thousands)

	Nine Months Ended	
	January 30, 2021	January 25, 2020
<b>Operating Activities:</b>		
Net income	\$ 135,015	\$ 93,759
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,729	13,415
Deferred income tax provision	337	956
Loss (gain) on sale of property, net	4	(9)
Stock-based compensation	290	189
Amortization of operating right of use assets	9,845	8,374
Changes in assets and liabilities:		
Trade receivables	9,252	12,318
Inventories	(7,643)	9,500
Operating lease right of use assets	(4,420)	(4,366)
Prepaid and other assets	(4,444)	(911)
Accounts payable	(3,001)	(7,271)
Accrued and other liabilities	1,091	3,264
Operating lease liabilities	(4,884)	(4,008)
Net cash provided by operating activities	<u>145,171</u>	<u>125,210</u>
<b>Investing Activities:</b>		
Additions to property, plant and equipment	(16,997)	(15,847)
Proceeds from sale of property, plant and equipment	15	10
Net cash used in investing activities	<u>(16,982)</u>	<u>(15,837)</u>
<b>Financing Activities:</b>		
Repurchase of common stock	-	(4,319)
Proceeds from stock options exercised	475	406
Dividends paid on Common Stock	(279,876)	-
Net cash used in financing activities	<u>(279,401)</u>	<u>(3,913)</u>
<b>Net (Decrease) Increase in Cash and Equivalents</b>	<b>(151,212)</b>	<b>105,460</b>
<b>Cash and Equivalents - Beginning of Period</b>	<b>304,518</b>	<b>156,200</b>
<b>Cash and Equivalents - End of Period</b>	<b><u>\$ 153,306</u></b>	<b><u>\$ 261,660</u></b>
<b>Other Cash Flow Information:</b>		
Interest paid	<u>\$ 117</u>	<u>\$ 38</u>
Income taxes paid	<u>\$ 51,031</u>	<u>\$ 29,335</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

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

National Beverage Corp. develops, produces, markets and sells a distinctive portfolio of sparkling waters, juices, energy drinks and carbonated soft drinks primarily in the United States and Canada. 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 condensed consolidated financial statements include the accounts of National Beverage Corp. and its subsidiaries. Significant intercompany transactions and accounts have been eliminated.

The accompanying interim unaudited condensed 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 for interim financial reporting. Accordingly, they do not include all information and notes presented in the annual consolidated financial statements. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the fiscal year ended May 2, 2020. The accounting policies used in these interim unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the interim unaudited condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Results for the interim periods presented are not necessarily indicative of results which might be expected for the entire fiscal year.

***Reclassification***

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

***Inventories***

Inventories are stated at the lower of first-in, first-out cost or net realizable market value. Inventories at January 30, 2021 were comprised of finished goods of \$43.4 million and raw materials of \$27.7 million. Inventories at May 2, 2020 were comprised of finished goods of \$39.1 million and raw materials of \$24.4 million.

***Marketing Costs***

The Company utilizes a variety of marketing programs, including cooperative advertising programs with customers, to advertise and promote its 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 \$11.3 million for the three months ended January 30, 2021 and \$13.3 million for the three months ended January 25, 2020. Marketing costs totaled \$31.2 million for the nine months ended January 30, 2021, and \$42.0 million for the nine months ended January 25, 2020.



**Shipping and Handling Costs**

Shipping and handling costs are reported in selling, general and administrative expenses in the accompanying condensed consolidated statements of income. Such costs totaled \$18.0 million for the three months ended January 30, 2021 and \$16.8 million for the three months ended January 25, 2020. Shipping and handling costs totaled \$55.9 million for the nine months ended January 30, 2021 and \$53.2 million for the nine months ended January 25, 2020. 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.

**Recently Adopted Accounting Pronouncements**

On December 18, 2019, the Financial Accounting Standards Board issued Accounting Standards Update, "Simplifying the Accounting for Income Taxes" (ASU 2019-12). The new standard reduces the complexity pertaining to certain areas in accounting for income taxes. Key elements include, but are not limited to, the elimination of certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating taxes during the quarters and the recognition of deferred tax liabilities for outside basis differences. This guidance also simplifies aspects of the accounting for franchise taxes and changes in tax laws or rates, as well as clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for the Company's first quarter of fiscal year 2022. The Company does not expect the adoption of this new standard to have an impact on its consolidated financial statements.

**2. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consist of the following:

	(In thousands)	
	January 30, 2021	May 2, 2020
Land	\$ 9,835	\$ 9,835
Buildings and improvements	60,936	59,618
Machinery and equipment	253,173	238,300
Total	323,944	307,753
Less accumulated depreciation	(197,572)	(187,126)
Property, plant and equipment – net	<u>\$ 126,372</u>	<u>\$ 120,627</u>

Depreciation expense was \$3.7 million and \$11.2 million for the three and nine months ended January 30, 2021, respectively, and \$3.8 million and \$11.4 million for the three and nine months ended January 25, 2020, respectively.

### 3. DEBT

At January 30, 2021, a subsidiary of the Company maintained unsecured revolving credit facilities with banks aggregating \$100 million (the “Credit Facilities”). The Credit Facilities expire from October 28, 2022 to April 30, 2023 and any borrowings would currently bear interest at 1.0% above one-month LIBOR. There were no borrowings outstanding under the Credit Facilities at January 30, 2021 or May 2, 2020. At January 30, 2021, \$3.4 million of the Credit Facilities was reserved for standby letters of credit and \$96.6 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 January 30, 2021, we were in compliance with all loan covenants.

### 4. STOCK-BASED COMPENSATION

During the nine months ended January 30, 2021, options to purchase 263,500 shares of common stock were granted, options to purchase 67,690 shares were exercised and options to purchase 15,000 shares were cancelled at weighted average exercise prices of \$23.47, \$7.02 and \$2.84 respectively. At January 30, 2021, options to purchase 569,900 shares of common stock at a weighted average exercise price of \$14.61 per share were outstanding and stock-based awards to purchase 5,353,604 shares of common stock were available for grant.

### 5. 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 Condensed Consolidated Statements of Income and AOCI:

	(In thousands)			
	Three Months Ended		Nine Months Ended	
	2021	2020	2021	2020
<b>Recognized in AOCI:</b>				
Gain (loss) before income taxes	\$ 2,461	\$ (581)	\$ 9,672	\$ (2,623)
Less income tax provision (benefit)	589	(139)	2,314	(628)
Net	<u>\$ 1,872</u>	<u>\$ (442)</u>	<u>\$ 7,358</u>	<u>\$ (1,995)</u>
<b>Reclassified from AOCI to cost of sales:</b>				
Gain (loss) before income taxes	\$ 1,297	\$ (742)	\$ (546)	\$ (3,356)
Less income tax provision (benefit)	310	(177)	(130)	(803)
Net	<u>\$ 987</u>	<u>\$ (565)</u>	<u>\$ (416)</u>	<u>\$ (2,553)</u>
<b>Net change to AOCI</b>	<u>\$ 885</u>	<u>\$ 123</u>	<u>\$ 7,774</u>	<u>\$ 558</u>

As of January 30, 2021, the notional amount of our outstanding aluminum swap contracts was \$20.1 million and, assuming no change in commodity prices, \$3.4 million of unrealized gain before tax will be reclassified from AOCI and recognized in earnings over the next 12 months.

As of January 30, 2021, the fair value of the derivative asset was \$3.4 million, which was included as a component of prepaid and other assets. At May 2, 2020, the fair value of the derivative liability was \$6.9 million, which was included as a component of 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.

## 6. LEASES

The Company has entered into various non-cancelable operating lease agreements for certain of our offices, buildings, machinery and equipment expiring at various dates through January 2029. The Company does not assume renewals in the determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement. Lease agreements generally do not contain material residual value guarantees or material restrictive covenants. Operating lease cost for the three months ended January 30, 2021 and January 25, 2020 was \$3.5 million and \$4.0 million, respectively. Operating lease cost totaled \$10.8 million for the nine months ended January 30, 2021 and \$10.7 million for the nine months ended January 25, 2020. As of January 30, 2021, the weighted-average remaining lease term and weighted average discount rate of operating leases was 3.9 years and 3.1%, respectively. As of May 2, 2020, the weighted-average remaining lease term and weighted average discount rate of operating leases was 4.3 years and 3.38%, respectively. Cash payments were \$3.3 million for operating leases for the three months ended January 30, 2021 and January 25, 2020. Cash payments totaled \$10.3 million for the nine months ended January 30, 2021 and \$9.9 million for the nine months ended January 25, 2020.

The following is a summary of future minimum lease payments and related liabilities for all non-cancelable operating leases as of January 30, 2021:

	(In thousands)
Fiscal 2021 - Remaining quarter	\$ 4,539
Fiscal 2022	13,345
Fiscal 2023	9,367
Fiscal 2024	7,308
Fiscal 2025	4,399
Thereafter	3,824
Total minimum lease payments including interest	42,782
Less: Amounts representing interest	(2,349)
Present value of minimum lease payments	40,433
Less: Current portion of lease obligations	(14,334)
Non-current portion of lease obligations	\$ 26,099

The following is a summary of future minimum lease payments and related liabilities for all non-cancelable operating leases as of May 2, 2020:

	(In thousands)
Fiscal 2021	\$ 14,206
Fiscal 2022	13,276
Fiscal 2023	8,975
Fiscal 2024	7,361
Fiscal 2025	4,475
Thereafter	4,101
Total minimum lease payments including interest	52,394
Less: Amounts representing interest	(3,255)
Present value of minimum lease payments	49,139
Less: Current portion of lease liabilities	(16,980)
Non-current portion of lease liabilities	\$ 32,159

## 7. CASH DIVIDEND

On November 24, 2020, the Company's board of directors declared a cash dividend of \$3.00 per share (pre-split) which was increased to \$6.00 per share (pre-split) on December 2, 2020. The cash dividend totaling \$279.9 million was paid on January 29, 2021 to shareholders of record on December 4, 2020.

## 8. SUBSEQUENT EVENTS

On February 5, 2021, the Company's board of directors declared a one-for-one stock split in the form of a stock dividend. This dividend was distributed on February 19, 2021 to shareholders of record on February 16, 2021. Share information and earnings per share have been retroactively adjusted to reflect the stock split.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### OVERVIEW

National Beverage Corp. innovatively refreshes America with a distinctive portfolio of sparkling waters, juices, energy drinks (Power+ Brands) and, to a lesser extent, Carbonated Soft Drinks. We believe our creative product designs, innovative packaging and imaginative flavors, along with our corporate culture and philosophy, make National Beverage unique as a stand-alone entity in the beverage industry.

Our strategy seeks the profitable growth of our products by (i) developing healthier beverages in response to the global shift in consumer buying habits and tailoring our beverage portfolio to the preferences of a diverse mix of 'crossover consumers' – a growing group desiring a healthier alternative to artificially sweetened and high-caloric beverages; (ii) emphasizing unique flavor development and variety throughout our brands that appeal to multiple demographic groups; (iii) maintaining points of difference through innovative marketing, packaging and consumer engagement and (iv) responding faster and more creatively to changing consumer trends than larger competitors who are burdened by legacy production and distribution complexity and costs.

The majority of our brands are geared to the active and health-conscious consumer including sparkling waters, energy drinks, and juices. Our portfolio of Power+ Brands includes LaCroix®, LaCroix Cúrate®, and LaCroix NiCola® sparkling water products; Clear Fruit® non-carbonated water beverages enhanced with fruit flavor; Rip It® energy drinks and shots; and Everfresh®, Everfresh Premier Varietals™ and Mr. Pure® 100% juice and juice-based products. Additionally, we produce and distribute carbonated soft drinks including Shasta® and Faygo®, iconic brands whose consumer loyalty spans more than 130 years.

Presently, our primary market focus is the United States and Canada. Certain of our products are also distributed on a limited basis in other countries and options to expand distribution to other regions are being considered. 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 consisting of warehouse and direct-store delivery. The warehouse delivery system allows our retail partners to further maximize their assets by utilizing their ability to pick up product at our warehouses, further lowering their/our product costs.

Our operating results are affected by numerous factors, including fluctuations in the costs of raw materials, holiday and seasonal programming, changes in consumer purchasing habits and weather conditions. Beverage sales are seasonal with higher sales volume realized during the summer months when outdoor activities are more prevalent.

Our highly innovative business, where new beverages are developed and produced for selective holidays and ceremonial dates, should not be analyzed on the common three-month (quarterly) periods, traditionally found acceptable. Today, costly development projects and seasonal weather periods, plus promotional packaging, can distort quarter-to-quarter statistics and result in decision making that is not truly beneficial for investors and shareholders alike.

Traditional and typical are not a part of an innovator's vocabulary.

## **RESULTS OF OPERATIONS**

Three Months Ended January 30, 2021 (third quarter of fiscal 2021) compared to  
Three Months Ended January 25, 2020 (third quarter of fiscal 2020)

Net sales for the third quarter of fiscal 2021 increased 10.4% to \$245.9 million from \$222.8 million for the third quarter of fiscal 2020. The increase in sales resulted primarily from a 11% increase in case volume. The volume increase includes a 14% increase of our Power+ Brands primarily attributable to increased consumer demand in the take-home channel. Average selling price per case was approximately flat.

Gross profit for the third quarter of fiscal 2021 increased to \$95.7 million from \$82.1 million for the third quarter of fiscal 2020. The increase in gross profit is due to changes in product mix and increased volume. The cost of sales per case decreased 3.8% and gross margin increased to 38.9% from 36.8% for the third quarter of fiscal 2020.

Selling, general and administrative expenses for the third quarter of fiscal 2021 decreased \$1.4 million to \$47.5 million from \$48.9 million for the third quarter of fiscal 2020. The decrease was primarily due to reduced marketing and selling costs, partially offset by increased shipping and handling costs. As a percent of net sales, selling, general and administrative expenses decreased to 19.3% from 21.9% for the third quarter of fiscal 2020.

Other income includes interest income of \$109,000 for the third quarter of fiscal 2021 and \$1.0 million for the third quarter of fiscal 2020. The decrease in interest income is due to lower return on investments.

The Company's effective income tax rate, based upon estimated annual income tax rates, was 23.9% for the third quarter of fiscal 2021 and 22.3% for the third quarter of fiscal 2020. The difference between the effective rate and the federal statutory rate of 21% was primarily due to the effects of state income taxes.

Nine Months Ended January 30, 2021 (first nine months of fiscal 2021) compared to  
Nine Months Ended January 25, 2020 (first nine months of fiscal 2020)

Net sales for the first nine months of fiscal 2021 increased 9.9% to \$811.1 million from \$738.0 million for the first nine months of fiscal 2020. The increase in sales resulted primarily from a 10.2% increase in case volume. The volume increase includes a 14% increase of our Power+ Brands primarily attributable to increased consumer demand in the take-home channel. Average selling price per case was flat.

Gross profit for the first nine months of fiscal 2021 increased to \$320.9 million from \$271.5 million for the first nine months of fiscal 2020. The increase in gross profit is due to changes in product mix, increased volume and reduced raw material costs. The cost of sales per case decreased 4.7% and gross margin increased to 39.6% from 36.8% for the first nine months of fiscal 2020.

Selling, general and administrative expenses for the first nine months of fiscal 2021 decreased \$7.5 million to \$144.5 million from \$152.0 million for the first nine months of fiscal 2020. The decrease was primarily due to reduced marketing and selling costs, partially offset by increased shipping and handling costs. As a percent of net sales, selling, general and administrative expenses decreased to 17.8% from 20.6% for the first nine months of fiscal 2020.

Other income includes interest income of \$506,000 for the first nine months of fiscal 2021 and \$2.9 million for the first nine months of fiscal 2020. The decrease in interest income is due to lower return on investments.

The Company's effective income tax rate, based upon estimated annual income tax rates, was 23.6% for the first nine months of fiscal 2021 and 23.3% for the first nine months of fiscal 2020. The difference between the effective rate and the federal statutory rate of 21% was primarily due to the effects of state income taxes.

## **LIQUIDITY AND FINANCIAL CONDITION**

### **Liquidity and Capital Resources**

Our principal source of funds is cash generated from operations. At January 30, 2021, we maintained \$100 million unsecured revolving credit facilities, under which no borrowings were outstanding and \$3.4 million was reserved for standby letters of credit. We believe existing capital resources will be sufficient to meet our liquidity and capital requirements for the next twelve months.

### **Cash Flows**

The Company's cash position decreased \$151.2 million for the nine months of fiscal 2021, due primarily to the \$279.9 million cash dividend paid on January 29, 2021.

Net cash provided by operating activities for the first nine months of fiscal 2021 amounted to \$145.2 million compared to \$125.2 million for the nine months of fiscal 2020. Net cash provided by operating activities for the first nine months of fiscal 2021 was principally provided by net income of \$135 million, depreciation and amortization of \$13.7 million, and amortization of operating right of use assets of \$9.8 million, offset in part by changes in working capital and other accounts.

Net cash used in investing activities for the first nine months of fiscal 2021 reflects capital expenditures of \$17.0 million, compared to capital expenditures of \$15.8 million for the first nine months of fiscal 2020. We intend to continue production capacity and efficiency improvement projects, and expect fiscal 2021 capital expenditures to be comparable to fiscal 2020 levels.

### **Financial Position**

At January 30, 2021, our working capital decreased to \$182.6 million from \$319.0 million at May 2, 2020. The current ratio was 2.4 to 1 at January 30, 2021 compared to 3.3 to 1 at May 2, 2020. The decrease in working capital and current ratio was due primarily to the payment of the \$279.9 million cash dividend. Trade receivables decreased \$9.3 million and days sales outstanding declined from 29.3 to 28.0. Inventories increased \$7.6 million and inventory turns declined to 9.9 times from 10.1 times.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in market risks from those reported in our Annual Report on Form 10-K for the fiscal year ended May 2, 2020.

### **ITEM 4. CONTROLS AND PROCEDURES**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective to ensure information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **FORWARD-LOOKING STATEMENTS**

National Beverage Corp. 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 and other 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 and availability 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 demand and 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.

**PART II - OTHER INFORMATION****ITEM 1A. RISK FACTORS**

There have been no material changes in risk factors from those reported in our Annual Report on Form 10-K for the fiscal year ended May 2, 2020.

**ITEM 6. EXHIBITS**

<u>Exhibit No.</u>	<u>Description</u>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2	<a href="#">Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101	The following financial information from National Beverage Corp. Quarterly Report on Form 10-Q for the quarterly period ended January 31 2021, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Shareholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)



**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 11, 2021

National Beverage Corp.  
(Registrant)

By: /s/ George R. Bracken  
George R. Bracken  
Executive Vice President – Finance  
(Principal Financial Officer)

## CERTIFICATION

I, Nick A. Caporella, certify that:

1. I have reviewed this quarterly report on Form 10-Q of National Beverage Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2021

/s/ Nick A. Caporella

Nick A. Caporella  
Chairman of the Board and  
Chief Executive Officer

## CERTIFICATION

I, George R. Bracken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of National Beverage Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2021

/s/ George R. Bracken

George R. Bracken

Executive Vice President – Finance

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of National Beverage Corp. (the "Company") on Form 10-Q for the period ended January 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nick A. Caporella, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2021

/s/ Nick A. Caporella  
Nick A. Caporella  
Chairman of the Board and  
Chief Executive Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of National Beverage Corp. (the "Company") on Form 10-Q for the period ended January 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George R. Bracken, Executive Vice President - Finance of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 11, 2021

/s/ George R. Bracken

George R. Bracken

Executive Vice President – Finance

(Principal Financial Officer)