

'Eschew The Conventional'

Reimagine . . . 2021

Loyal  Holder,

At the core of innovation is **reimagination** – having the foresight, creativity and courage to thoroughly analyze and modify protocols to function the best way possible today . . . and, *for certain*, tomorrow. The future depends on leaderships' courage to probe the outer limits of creativity.

2021 rapidly and dramatically altered universal beliefs and demanded **reimagination** in areas not previously considered vulnerable. No one can deny we are experiencing one of the most unusual periods of time on our planet. The pandemic completely altered



global views about philosophy, medicine, technology and the way we interact with each other.

Reimagination became essential to survival. Organizations with the leadership to adapt and innovate became beacons of hope and encouragement.

Team National exhibited vision and agility in reacting to challenges and creating new opportunities.

We focused and refocused on all areas of operations, particularly manufacturing, transportation, logistics, and procurement, to ensure our beverages met our customers' demands while making the safety of our fellow team members our overriding priority. Sales, advertising and marketing focused on the changing wants of the sheltered-at-home consumer. Our efforts were successful in so many ways – we provided America with healthy refreshment, kept our employees safe and motivated, and delivered record financial results to our loyal shareholders.

Although 2021 brought unprecedented challenges, our FY 2021 financial results were our best ever. Net sales were \$1.1 Billion, net cash provided by operations was \$194 million and basic earnings per share was \$1.87 . . . *all new highs*. In addition, we rewarded our shareholders with a 100% stock dividend and a record \$280 million cash dividend.

With the world focused on health, our primary objective is to create the best-tasting and most-trusted refreshments on the market. Volume growth in FY 2021 reflects exceptional brand performance –

- Power+ brands delivered a 10% volume increase during the year through continued strong performance by brand LaCroix. LaCroix outpaced the sparkling water category in tracked channels for the year.
- As an encore to consumer demand for the LaCroix flavors of LimonCello, Pastèque and Hi-Biscus! introduced in FY 2020, we launched the unique flavors of Beach Plum, Black Razzberry and Guava São Paulo late in the fourth quarter of Fiscal 2021 with velocity setting new flavor launch records.
- Community outreach, which has continuously been a priority, became increasingly important in 2021. We showed our profound appreciation and support for the hard work, diligence and dedication of front-line healthcare workers by surprising them with the much-needed refreshment of LaCroix delivered to their workplaces as they tirelessly gave of themselves.



Yes, FY 2021 was one for the books in so many ways – one that profoundly challenged us to give to those who gave their very souls in saving lives. No other sparkling water makes their consumers ‘feel’ as good as LaCroix. Faygo is a symbol of automobile production, Motown and uniquely Detroit – like no other ‘POP’ and it belongs to National Beverage. Shasta is as iconic as the mountain of its namesake! We as a company are proud of the history and time-tested consumer love of our brands – brands that consistently deliver refreshment, taste, comfort and smiles nostalgically . . . no matter what is going on in the world around us.

As we look at our new fiscal year – and beyond – we continuously persist and challenge ourselves by asking “how can we do better?” We understand that our investment in innovation will produce the healthiest hydration – ever . . . that is our future!

We, Team National, are as authentic as the feelings our beverages inspire!

Wishing you the power to **reimagine** your sparkling good health –

Team National

