

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

New Age Beverages Corp

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**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 **June 30, 2017**

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

Commission File No. 001-38014

NEW AGE BEVERAGES CORPORATION

(Formerly, American Brewing Company, Inc., and Búcha, Inc.)

(Exact Name of Small Business Issuer as specified in its charter)

Washington

(State or other jurisdiction
incorporation or organization)

27-2432263

(IRS Employer
File Number)

1700 E. 68th Avenue

Denver, CO

(Address of principal executive offices)

80229

(zip code)

(303)-289-8655

(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☐ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
		Emerging growth company	☐

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 ☒

Number of shares outstanding of the issuer's common stock on August 14, 2017: 34,330,520

NEW AGE BEVERAGES CORPORATION
FORM 10-Q
FOR THE SIX MONTHS ENDED JUNE 30, 2017

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**NEW AGE BEVERAGES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2017 (unaudited)	December, 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash	\$ 279,907	\$ 529,088
Accounts receivable, net of allowance for doubtful accounts	8,593,899	4,729,356
Inventories, net	8,147,515	4,420,632
Prepaid expenses and other current assets	1,234,316	326,846
Total current assets	<u>18,255,637</u>	<u>10,005,922</u>
Property and equipment, net of accumulated depreciation	1,943,016	7,286,201
Right to use asset, buildings	4,406,970	-
Goodwill	40,094,191	4,895,241
Customer relationships, net of accumulated amortization	4,342,713	4,538,674
Total assets	<u>\$ 69,042,527</u>	<u>\$ 26,726,038</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable, accrued expenses and other current liabilities	\$ 6,326,391	\$ 6,880,569
Lease liability, current	89,137	-
Contingent consideration	1,250,000	-
Current portion of notes payable	-	4,562,179
Total current liabilities	<u>7,665,528</u>	<u>11,442,748</u>
Notes payable, net of unamortized discounts and current portion	1,570,952	10,374,675
Lease liability, net of current portion	4,317,833	-
Related party debt, net of unamortized discount	-	29,961
Total liabilities	<u>13,554,313</u>	<u>21,847,384</u>
COMMITMENTS AND CONTINGENCIES (Note 8)		
STOCKHOLDERS' EQUITY:		
Common stock, \$0.001 par value, 50,000,000 shares authorized; 34,330,520 and 21,900,106 shares issued and outstanding at June 30, 2017, and December 31, 2016, respectively	34,331	21,900
Series A Preferred stock, \$0.001 par value: 250,000 shares authorized, zero and 250,000 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	-	250
Series B Preferred stock, \$0.001 par value: 300,000 shares authorized, zero and 284,807 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	-	285
Additional paid-in capital	60,629,513	11,821,176
Accumulated deficit	(5,175,630)	(6,964,957)
Total stockholders' equity	<u>55,488,214</u>	<u>4,878,654</u>
Total liabilities and stockholders' equity	<u>\$ 69,042,527</u>	<u>\$ 26,726,038</u>

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

NEW AGE BEVERAGES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
REVENUES, net	\$ 15,104,795	\$ 686,740	\$ 25,892,596	\$ 1,275,540
Cost of Goods Sold	11,713,950	600,648	20,066,422	1,100,129
GROSS PROFIT	3,390,845	86,092	5,826,174	175,411
OPERATING EXPENSES:				
Advertising, promotion and selling	894,144	101,614	1,591,911	197,835
General and administrative	2,698,561	850,818	4,788,852	1,020,428
Legal and professional	132,044	1,093,755	205,435	1,175,400
Total operating expenses	3,724,749	2,046,187	6,586,198	2,393,663
LOSS FROM OPERATIONS	(333,904)	(1,960,095)	(760,024)	(2,218,252)
OTHER EXPENSE:				
Interest expense	(45,791)	(36,590)	(126,071)	(66,224)
Other income	3,277,569	-	3,321,040	-
Other expense net	(401,192)	(934)	(645,617)	(934)
Total income (expense)	2,830,586	(37,524)	2,549,352	(67,158)
NET INCOME/(LOSS)	\$ 2,496,682	\$ (1,997,619)	\$ 1,789,328	\$ (2,285,410)
NET INCOME/(LOSS) PER SHARE – BASIC	\$ 0.08	\$ (0.12)	\$ 0.05	\$ (0.14)
NET INCOME/(LOSS) PER SHARE –DILUTED	\$ 0.08	\$ (0.12)	\$ 0.05	\$ (0.14)

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

NEW AGE BEVERAGES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 1,789,328	\$ (2,285,410)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	471,420	49,322
Amortization of debt discount	128,614	20,198
Provision for doubtful accounts	9,000	-
Accrued acquisition costs	-	753,857
Gain on sale from building	(3,272,653)	-
Common stock issued for services	-	956,596
Changes in operating assets and liabilities:		
Accounts receivable	(2,446,765)	(92,306)
Inventories	(840,038)	(39,424)
Prepaid expenses and other current assets	(495,119)	14,569
Accounts payable, accrued expenses and other current liabilities	(2,020,551)	369,564
Net cash used in operating activities	<u>(6,676,764)</u>	<u>(253,034)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of building	8,900,000	-
Purchases of property and equipment	(414,125)	-
Acquisition of assets of Maverick Brands, LLC	(2,000,000)	-
Cash paid to acquire the combined assets of Xing	-	(8,500,000)
Net cash used in investment activities	<u>6,485,875</u>	<u>(8,500,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible note payable	-	8,500,000
Net factoring advances	-	(6,012)
Exercise of stock warrants	-	21,000
Issuance of common stock for cash	15,638,232	-
Repayment of notes payable and capital lease obligations	(15,696,524)	-
Proceeds from convertible note payable	-	200,000
Net cash (used by) provided by financing activities	<u>(58,292)</u>	<u>8,714,988</u>
NET CHANGE IN CASH	(249,181)	(38,046)
CASH AT BEGINNING OF PERIOD	529,088	43,856
CASH AT END OF PERIOD	<u>\$ 279,907</u>	<u>\$ 5,810</u>

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

NEW AGE BEVERAGES CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

New Age Beverages Corporation (the "Company") was formed under the laws of the State of Washington on April 26, 2010 under the name American Brewing Company, Inc. On April 1, 2015, the Company acquired the assets of B&R Liquid Adventure, which included the brand Bucha® Live Kombucha. On June 30, 2016, the Company acquired the combined assets of New Age Beverages, LLC, Aspen Pure, LLC, New Age Properties, LLC and Xing Beverage, LLC and changed the company's name to New Age Beverages Corporation. On March 31, 2017, the Company acquired certain assets of Maverick Brands, LLC (see note 3). On May 18, 2017, the Company acquired the assets of Premier Micronutrient Corporation (see note 3). On June 13, 2017, the Company acquired the assets of Marley Beverage Company, LLC (see note 3). The Company manufactures, markets and sells a portfolio of healthy functional beverages including XingTea®, an all-natural, non-GMO, non-HFCS premium Ready to Drink (RTD) Tea; Aspen Pure®, an artesian-well, naturally-high PH balanced, source water from the Colorado Rocky Mountains; XingEnergy®, an all-natural, vitamin-enriched, non-GMO, Non-HFCS Energy Drink; and Búcha® Live Kombucha, an organic, all natural, fermented kombucha tea. The portfolio is distributed through the Company's own Direct Store Distribution (DSD) network in Colorado and surrounding states, throughout the United States both direct to major retailers and through its network of DSD partners, and in 10 countries around the world. The brands are sold in all channels of distribution including Hypermarkets, Supermarkets, Pharmacies, Convenience, Gas and other outlets.

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements as of June 30, 2017 of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Form 10-K filed with the SEC on March 31, 2017. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for future quarters or for the full year. Notes to the unaudited condensed consolidated financial statements which substantially duplicate the disclosure contained in the audited financial statements for fiscal 2016 as reported in the Form 10-K have been omitted.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivables. The Company places its cash with high credit quality financial institutions. At times such amounts may exceed federally insured limits.

As of June 30, 2017, two customers accounted for approximately 16.1% (8.4%, and 7.7%) of accounts receivables. As of December 31, 2016, three customers represented approximately 29.4% (12.3%, 8.9% and 8.2%) of accounts receivables.

For the six months ended June 30, 2017, two customers represented approximately 13.7% (8.6% and 5.1%) of revenue. For the six months ended June 30, 2016, three customers represented approximately 18.5% (9.8%, 5.7% and 3.0%) of revenue.

Accounts Receivable

The Company's accounts receivable primarily consists of trade receivables. The Company records an allowance for doubtful accounts that is based on historical trends, customer knowledge, any known disputes, and the aging of the accounts receivable balances combined with management's estimate of future potential recoverability. Receivables are written off against the allowance after all attempts to collect a receivable have failed. The Company's allowance for doubtful accounts was \$75,583 as of June 30, 2017 and \$46,350 as of December 31, 2016.

NEW AGE BEVERAGES CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill and Customer Relationships

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of the identifiable net assets acquired. Goodwill and other intangibles with indefinite useful lives are not amortized but tested for impairment annually or more frequently when events or circumstances indicates that the carrying value of a reporting unit more likely than not exceeds its fair value. The goodwill impairment test is applied by performing a qualitative assessment before calculating the fair value of the reporting unit. If, on the basis of qualitative factors, it is considered not more likely than not that the fair value of the reporting unit is less than the carrying amount, further testing of goodwill for impairment would not be required. Otherwise, goodwill impairment is tested using a two-step approach.

Customer relationships are recorded at acquisition cost less accumulated amortization and impairment. Definite lived intangible assets are amortized over their estimated useful life using the straight-line method, which is determined by identifying the period over which the cash flows from the asset are expected to be generated. As of June 30, 2017 and December 31, 2016, accumulated amortization was \$536,087 and \$340,126, respectively. Amortization expense was \$97,980 and \$20,833 for the three months ended June 30, 2017 and 2016, respectively. Amortization expense was \$195,961 and \$41,667 for the six months ended June 30, 2017 and 2016, respectively.

Long-lived Assets

Long-lived assets consisted of property and equipment and customer relationships and are reviewed for impairment in accordance with the guidance of the FASB Topic ASC 360, Property, Plant, and Equipment. The Company tests for impairment losses on long-lived assets used in operations whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Through June 30, 2017, we had not experienced impairment losses on our long-lived assets as management determined that there were no indicators that a carrying amount of the asset may not be recoverable.

Cash Flows

Supplemental Disclosures

	Six months ended June 30, 2017	Six months ended June 30, 2016
CASH PAID DURING THE PERIODS FOR:		
Interest	\$ 126,071	\$ 400,735
Income taxes	\$ -	\$ -
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Warrants issued with convertible debt	\$ -	\$ 18,154
Common stock issued for acquisition of Maverick Brands, LLC, Marley Beverages, LLC and Premier Micronutrient Corporation	\$ 33,182,000	\$ -
Common stock issued for acquisition of Xing Beverages, LLC		\$ 6,995,000
Promissory note issued for acquisition of Xing Beverages, LLC		\$ 4,500,000

NEW AGE BEVERAGES CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers*, as a new Topic, ASC Topic 606. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of the new revenue standard for periods beginning after December 15, 2016 to December 15, 2017, with early adoption permitted but not earlier than the original effective date. This ASU must be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is considering the alternatives of adoption of this ASU and is conducting its review of the likely impact to the existing portfolio of customer contracts entered into prior to adoption. After completing its review, the Company will continue to evaluate the effect of adopting this guidance upon the Company results of operations, cash flows and financial position. Currently, the Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements except that there are significant additional reporting requirements under the new standard.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company leases primarily consist of operating leases with varying expiration dates through 2020 and annual rent expense for 2017 is approximately \$0.8 million. In August 2017, the Company determined to early adopt the provisions of this ASU in anticipation of this ASU is effective January 1, 2019 for all public entities. Management's decision to early adopt this ASU was based on the likelihood the Company would qualify as an accelerated filer in 2019 given the projected growth and potential new external equity financing. As a result, the Company would be required to present three years of financial statements and restate the financial results for the year ended December 31, 2017 and the respective interim periods. As a result of the early adoption, the Company recognized the gain on sale of its corporate facilities for the six months ended June 30, 2017.

Effective April 1, 2017, the Company adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The Company has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of March 31, 2017) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Company recognized on April 1, 2017 (the beginning of the earliest period presented) (a) a lease liability of \$4,406,970, which represents the present value of the remaining lease payments of \$4,406,970, discounted using the Company's incremental borrowing rate of 10%, and (b) a right-of-use asset of \$4,406,970, which represents the lease liability of \$4,406,970.

In March 2016, the FASB issued ASU 2016-06, *Derivatives and Hedging (Topic 815)*. This ASU is related to the embedded derivative analysis for debt instruments with contingent call or put options. This ASU clarifies that an exercise contingency does not need to be evaluated to determine whether it relates only to interest rates or credit risk. Instead, the contingent put or call option should be evaluated for possible bifurcation as a derivative in accordance with the four-step decision sequence detailed in FASB ASC 815-15, without regard to the nature of the exercise contingency. This ASU is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements except that there are significant additional reporting requirements under the new standard.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers* (Topic 606). This ASU is related to reporting revenue gross versus net, or principal versus agent considerations. This ASU is meant to clarify the guidance in ASU 2014-09, *Revenue from Contracts with Customers*, as it pertains to principal versus agent considerations. Specifically, the guidance addresses how entities should identify goods and services being provided to a customer, the unit of account for a principal versus agent assessment, how to evaluate whether a good or service is controlled before being transferred to a customer, and how to assess whether an entity controls services performed by another party. This ASU has the same effective date as the new revenue standard, which is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. The Company is evaluating the effect and methodology of adopting this new accounting guidance upon the results of operations, cash flows and financial position. The Company has begun to consider the alternatives of adoption of this ASU, and has started its review of the likely impact to the existing portfolio of customer contracts entered into prior to adoption. The Company will also continue to evaluate the effect of adopting this guidance upon its results of operations, cash flows and financial position. Currently, the Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements except that there are significant additional reporting requirements under the new standard.

In March 2016, the FASB issued ASU 2016-09, *Compensation-Stock Compensation* (Topic 718). This ASU is related to simplifications of employee share-based payment accounting. This pronouncement eliminates the APIC pool concept and requires that excess tax benefits and tax deficiencies be recorded in the income statement when awards are settled. The pronouncement also addresses simplifications related to statement of cash flows classification, accounting for forfeitures and minimum statutory tax withholding requirements. This ASU is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted. This ASU will not have a material impact on the Company's consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers* (Topic 606): Identifying Performance Obligations and Licensing. This ASU is meant to clarify the guidance in FASB ASU 2014-09, *Revenue from Contracts with Customers*. Specifically, the guidance addresses an entity's identification of its performance obligations in a contract, as well as an entity's evaluation of the nature of its promise to grant a license of intellectual property and whether or not that revenue is recognized over time or at a point in time. This ASU has the same effective date as the new revenue standard, which is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. The Company is considering the alternatives of adoption of this ASU and will continue to review the likely impact to the existing portfolio of customer contracts entered into prior to adoption. The Company will continue to evaluate the effect of adopting this guidance upon its results of operations, cash flows and financial position. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements except that there are significant additional reporting requirements under the new standard.

In May 2016, the FASB issued ASU 2016-11, *Revenue Recognition* (Topic 605) and *Derivatives and Hedging* (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting. This ASU rescinds SEC paragraphs pursuant to two SEC Staff Announcements at the March 3, 2016 Emerging Issues Task Force (EITF) meeting. Specifically, registrants should not rely on the following SEC Staff Observer comments upon adoption of Topic 606: (1) Revenue and Expense Recognition for Freight Services in Process, which is codified in paragraph 605-20-S99-2; (2) Accounting for Shipping and Handling Fees and Costs, which is codified in paragraph 605-45-S99-1; (3) Accounting for Consideration Given by a Vendor to a Customer (including Reseller of the Vendor's Products), which is codified in paragraph 605-50-S99-1; and (4) Accounting for Gas-Balancing Arrangements (i.e., use of the "entitlements method"), which is codified in paragraph 932-10-S99-5. This ASU becomes effective upon adoption of ASU 2014-09, which is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. The Company has not yet begun to consider the alternatives of adoption of this ASU or its impact on its consolidated financial statements.

In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers* (Topic 606): Narrow-Scope Improvements and Practical Expedients. This ASU does not change the core principle of the guidance in Topic 606. Instead, the amendments provide clarifying guidance in a few narrow areas and add some practical expedients to the guidance. This ASU has the same effective date as the new revenue standard, which is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. The Company is currently evaluating the impact of the pending adoption of this new standard on its consolidated financial statements. The Company is considering the alternatives of adoption of this ASU. Currently, the Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements except that there are significant additional reporting requirements under the new standard.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this ASU replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019. The Company has not adopted this ASU and currently the Company has determined there to be no impact of this ASU on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows* (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The new guidance is intended to reduce diversity in practice in how transactions are classified in the statement of cash flows. This ASU is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on its consolidated financial statements and currently the Company has determined there to be no impact of this ASU on its consolidated financial statements and related disclosures.

In January 2017, the FASB issued 2017-04, *Intangibles - Goodwill and Other* (Topic 350): Simplifying the Test for Goodwill Impairment. The amendments in this ASU simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test and eliminating the requirement for a reporting unit with a zero or negative carrying amount to perform a qualitative assessment. Instead, under this pronouncement, an entity would perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and would recognize an impairment change for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized is not to exceed the total amount of goodwill allocated to that reporting unit. In addition, income tax effects will be considered, if applicable. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on its consolidated financial statements and related disclosures.

NOTE 2 – GOING CONCERN AND MANAGEMENT’S LIQUIDITY PLANS

The accompanying unaudited interim condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. Since inception, the Company has financed its operations primarily through equity and debt financings. As of June 30, 2017, the Company had an accumulated deficit of \$5,175,630 and for the six months then ended June 30, 2017 achieved net income of \$1,789,328. In February 2017, the Company issued common stock for approximately \$15,600,000 of net proceeds (see note 9). The proceeds from the issuance were used to pay down notes payable of \$10,000,000.

NOTE 3 – ACQUISITIONS

On March 31, 2017, the Company acquired the assets of Maverick Brands, LLC (“Maverick”). Maverick is engaged in the manufacturing and sale of coconut water and other beverages, which will help the Company expand its capabilities and product offering. The operating results of Maverick have been consolidated with those of the Company beginning April 1, 2017. Total purchase consideration paid was \$11,086,000, which consisted of \$2,000,000 of cash and 2,200,000 shares of common stock valued at \$9,086,000. The common stock issued was valued at \$4.13 per share, which was the closing stock on the date of the acquisition.

The purchase price was allocated to the net assets acquired based on their estimated fair values as follows:

Accounts receivable	\$	821,721
Inventories		1,930,598
Prepaid expenses and other current assets		211,213
Property and equipment, net		68,282
Accounts payable and accrued expenses		(1,201,254)
Assumption of note payable		(1,570,952)
		<u>259,608</u>
Goodwill		10,826,392
	\$	<u>11,086,000</u>

The above allocation is preliminary and is subject to change. The acquisition was consummated on March 31, 2017, and as such, the Company has begun to assess the fair value of the various net assets acquired, but has not yet completed this assessment. The Company is also in the process of identifying other intangible assets, such as customer relationships and recipes that may need to be recognized apart from goodwill. Once identified, these other intangible assets, if any, will be recorded at their fair values. The Company is working to finalize the allocations as quickly as possible, and anticipates that the allocation will not be final for approximately six months. Any adjustments necessary may be material to the consolidated balance sheet and the amount of goodwill recognized. Any resulting adjustments would have no impact to the June 30, 2017 reported operating results or cash flows.

Goodwill is the excess of the purchase price over the preliminary fair value of the underlying net tangible and identifiable intangible assets. In accordance with applicable accounting standards, goodwill is not amortized but instead is tested for impairment at least annually or more frequently if certain indicators are present.

In connection with the acquisition of Maverick, the Company incurred transactional costs totaling \$231,925, which has been recognized as expense as of March 31, 2017. These costs have been reflected in other expenses.

NEW AGE BEVERAGES CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 3 – ACQUISITIONS (continued)

On May 18, 2017, the Company entered into an Asset Purchase Agreement (the “Agreement”) whereby the Company acquired substantially all of the operating assets of Premier Micronutrient Corporation, a subsidiary of PMC Holdings, Inc. (“PMC”), which is a company engaged in the business of developing, manufacturing, selling and marketing micronutrient products and formulations (the “Acquisition”). On May 23, 2017 (the “Closing Date”), the parties executed the Bill of Sale and Assignment and Assumption Agreement for the Acquisition.

Upon the Closing Date, the Company received substantially all of the operating assets of PMC, consisting of inventory, accounts receivable, fixed assets and intellectual property in exchange for a purchase price of 1,200,000 shares of the Company’s common stock. The shares were fair valued at \$4.58 per share. The Company also agreed to assume various accounts payable and accrued liabilities of PMC. The shares of Common Stock to be issued pursuant to the Acquisition will be restricted under Rule 144. The Acquisition was subject to customary closing conditions.

The purchase price was allocated to the net assets acquired based on their estimated fair values as follows:

Stock	5,496,000
Purchase price	<u>\$ 5,496,000</u>
Accounts receivable	\$ 42,104
Inventories	158,148
Prepaid expenses and other current assets	2,256
Property and equipment, net	55,023
Accounts payable	(27,772)
Assumption of notes payable	(601,095)
	<u>(371,336)</u>
Goodwill	5,867,336
	<u>\$ 5,496,000</u>

The above allocation is preliminary and is subject to change. The acquisition was consummated on May 18, 2017, and as such, the Company has begun to assess the fair value of the various net assets acquired, but has not yet completed this assessment. The Company is also in the process of identifying other intangible assets, such as customer relationships and recipes that may need to be recognized apart from goodwill. Once identified, these other intangible assets, if any, will be recorded at their fair values. The Company is working to finalize the allocations as quickly as possible, and anticipates that the allocation will not be final for approximately six months. Any adjustments necessary may be material to the consolidated balance sheet and the amount of goodwill recognized. Any resulting adjustments would have no impact to the June 30, 2017 reported operating results or cash flows.

In connection with the acquisition of PMC, the Company incurred minimal transactional costs, which has been recognized as expense as of the closing date.

On March 23, 2017, the Company entered into an asset purchase agreement (the “APA”) whereby the Company agreed to acquire substantially all of the operating assets of Marley Beverage Company, LLC (“Marley”), which is a company engaged in the development, manufacturing, selling and marketing of nonalcoholic relaxation teas and sparkling waters, and ready to drink coffee drinks. The consideration for the Acquisition was amended pursuant to an Amendment to the APA dated June 9, 2017. The Acquisition closed on June 13, 2017.

At closing, the Company received substantially all of the operating assets of Marley, consisting of inventory, accounts receivable, fixed assets and intellectual property in exchange for a purchase price of 3,000,000 shares of the Company’s common stock, as well as an earn out payment of \$1,250,000 in cash if the gross revenues of the Marley business during any trailing twelve calendar month period after the closing are equal to or greater than \$15,000,000. The earnout, if applicable, will be paid as \$625,000 on or before the 15th day after the end of the first trailing twelve calendar month period in which the earnout condition is satisfied, \$312,500 not later than the first anniversary of the initial earnout payment, and \$312,500 not later than the second anniversary of the initial earnout payment. The shares of Common Stock issued pursuant to the Acquisition have not been registered, but the holders have piggyback registration rights, as well as demand registration rights, with the demand registration rights beginning twelve months from the Closing Date. The Acquisition was subject to customary closing conditions. The shares were fair valued at \$6.20 per share.

The purchase price was allocated to the net assets acquired based on their estimated fair values as follows:

Stock		18,600,000
Purchase price	\$	<u>18,600,000</u>
Accounts receivable	\$	562,953
Inventories		798,098
Prepaid expenses and other current assets		198,882
Property and equipment, net		22,191
Accounts payable and accrued expenses		(237,346)
Contingent consideration		<u>(1,250,000)</u>
		94,778
Goodwill		<u>18,505,222</u>
	\$	<u>18,600,000</u>

The above allocation is preliminary and is subject to change. The acquisition was consummated on June 13, 2017, and as such, the Company has begun to assess the fair value of the various net assets acquired, but has not yet completed this assessment. The Company is also in the process of identifying other intangible assets, such as customer relationships and recipes that may need to be recognized apart from goodwill. Once identified, these other intangible assets, if any, will be recorded at their fair values. The Company is working to finalize the allocations as quickly as possible, and anticipates that the allocation will not be final for approximately six months. Any adjustments necessary may be material to the consolidated balance sheet and the amount of goodwill recognized. Any resulting adjustments would have no impact to the June 30, 2017 reported operating results or cash flows.

In connection with the acquisition of Marley, the Company incurred minimal transactional costs, which has been recognized as expense as of the closing date.

The following unaudited pro forma financial results reflects the historical operating results of the Company, including the unaudited pro forma results of Xing Group, Maverick and Marley for the six months ended June 30, 2017 and for the year ended December 31, 2016, as if Xing Group, Maverick and Marley were acquired on January 1, 2016. The unaudited pro forma financial information excludes the financial results of PMC for the six month ended June 30, 2017 and for the year ended December 31, 2016 as the financial results for PMC were insignificant or less than two percent of the financial results of the Company on a standalone basis. No adjustments have been made for synergies that are resulting and planned from the acquisitions. These combined results are not indicative of the results that may have been achieved had the companies been combined as of such dates or periods, or of the Company’s consolidated future operating results.

	Six months ended June 30, 2017 (unaudited)	For the year ended December 31, 2016 (unaudited)
Revenues	\$ 29,380,585	\$ 70,650,963
Net loss from continuing operations	(2,359,540)	(13,095,142)
Net loss per share – Basic and diluted	\$ (0.07)	\$ (0.38)
Weighted average number of common shares outstanding – Basic and Dilutive	34,330,520	34,330,520

NEW AGE BEVERAGES CORPORATION
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NOTE 4 – INVENTORIES

Inventories consist of brewing materials, tea ingredients, bulk packaging and finished goods. The cost elements of work in process and finished goods inventory consist of raw materials and direct labor. Provisions for excess inventory are included in cost of goods sold and have historically been immaterial but adequate to provide for losses on its raw materials. Inventories are stated at the lower of cost, determined on the first-in, first-out basis, or market. Upon Maverick PMC and Marley the inventory balance increased by \$2,886,844.

Inventories consisted of the following as of:

	June 30, 2017	December 31, 2016
Raw materials	\$ 1,570,160	\$ 458,582
Finished goods	6,577,355	3,962,050
	<u>\$ 8,147,515</u>	<u>\$ 4,420,632</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Upon acquiring Maverick, PMC and Marley the property and equipment balance increased by \$145,496. Property and equipment consisted of the following as of:

	June 30, 2017	December 31, 2016
Land and building	\$ 518,293	\$ 6,070,000
Trucks and coolers	1,035,568	963,474
Other property and equipment	976,725	509,064
Less: accumulated depreciation	(587,570)	(256,337)
	<u>\$ 1,943,016</u>	<u>\$ 7,286,201</u>

Depreciation expense, computed on the basis of three-to-five year useful lives for all property and equipment, and a 40-year useful life on the building, was \$275,460 and \$7,655 for the six months ended June 30, 2017 and 2016; respectively.

NEW AGE BEVERAGES CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 – NOTES PAYABLE AND CONVERTIBLE NOTE PAYABLE

Notes payable consisted of the following as of:

	June 30, 2017	December 31, 2016
Revolving note payable due bank	\$ -	\$ 5,650,000
Note payable due to bank – secured by building	-	4,754,636
Series B note assumed from the Maverick Acquisition	1,570,952	-
Seller's note payable	-	4,500,000
Note payable, net of unamortized discount of \$- and \$98,575	-	32,218
	1,570,952	14,936,854
Less: current portion	-	(4,562,179)
Long-term portion, net of unamortized discounts	\$ 1,570,952	\$ 10,374,675

In connection with the Acquisition of Xing, the Company entered into several notes payable with a bank and received proceeds of \$10.7 million. One note payable is for \$4,800,000, bears interest at 4.02%, and is secured by the Company's land and building. Principal and interest is payable in monthly installments of \$25,495 through June 2021 at which time the unpaid principal balance is due. The other note payable is a revolving credit facility that allows borrowings of up to \$5.9 million, bears interest payable monthly at LIBOR plus a margin ranging from 2.25% to 3.00% depending on the current ratio of payment obligations to earnings as defined in the agreement, and is secured by the Company's assets. The amount that may be borrowed under the revolving credit facility is based on the Company's eligible receivables, inventory and fixed assets, and is reduced by \$50,000 each month beginning August 1, 2016 until the facility has been reduced down to \$2,900,000. The revolving credit facility matures on June 30, 2018. At June 30, 2017, \$5.9 million dollars was available under the revolving note payable.

The Company also issued a \$4.5 million note payable to a selling shareholder of Xing. This seller's note bears interest, payable monthly, at 1% per year, beginning after December 31, 2016. The loan matured on June 30, 2017.

On March 19, 2016, the Company entered into a Securities Purchase Agreement with an unaffiliated third party, whereby the Company sold a Convertible Promissory Note in an amount of \$200,000. The purchaser also received a three-year Warrant to purchase 100,000 shares at an exercise price of \$0.40 per share. The Company has allocated the loan proceeds among the debt and the warrant based upon relative fair values. The relative fair value of the warrant was determined to be \$18,154. During 2016, the note was converted into 30,000 shares of Series B Preferred stock.

In connection with the Acquisition of Maverick, the Company assumed a Series B note payable of \$1,570,952. In addition, in connection with our public offering of common stock in February 2017, proceeds from issuance were used to reduce the previously outstanding note balances.

NOTE 7 – RELATED PARTY DEBT

Related Party debt consisted of the following as of:

	June 30, 2017	December 31, 2016
Related party debt, net of unamortized discount of \$- and \$30,039	\$ -	\$ 29,961
Less: current portion	-	-
Long-term portion, net of unamortized discount	\$ -	\$ 29,961

In March 2015, the Company borrowed \$60,000 from a member of management. The note bears interest at 10% per annum and is due and payable beginning June 30, 2015 maturing on March 31, 2020. Payments of interest are required quarterly. Should the Company be successful in raising \$2,000,000 or more in funding the entire balance of the note will be due immediately. The note was issued in conjunction with an equity payment totaling 53,073 shares of Series B preferred stock that was issued with the debt. The Company has allocated the loan proceeds among the debt and the stock based upon relative fair values. The relative fair value of the stock was determined to be \$42,742 and was recorded as a debt discount. The discount will be amortized over the life of the loan to interest expense. During the six months ended June 30, 2017 the Company used proceeds from the February 2017 common stock issuance to settle the related party debt.

NEW AGE BEVERAGES CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 – COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

In April 2015, the Company assumed a facilities lease with a third party for the manufacture of its Búcha[®] Live Kombucha tea, which expired February 29, 2016. In September 2015, the Company extended the facilities lease for 39 months effective March 1, 2016 and expiring May 31, 2019. The monthly base rent is \$2,795 for first 12 months, \$2,879 for next 12 months, \$2,965 for next 12 months, and \$3,054 for the balance of the term. Monthly rent payments also include common area maintenance charges, taxes, and other charges.

On June 30, 2016, the Company assumed the lease commitments for the New Age Beverage, LLC (NAB) and Xing Beverage, LLC (Xing) when it acquired those companies. The Colorado Springs property, previously leased by Xing, has a base rent of \$14,000 per month plus common area expenses, with escalation clauses over time. On January 10, 2017, the Company entered into a Purchase and Sale Agreement with an unaffiliated third party. Pursuant to the agreement, the Company entered into a commitment to sell the property located at 1700 E 68th Avenue, Denver, CO 80229 for a purchase price of \$8,900,000. The agreement contains a lease back provision, whereby the Company shall lease the property for an initial term of ten years, with an option to extend for two successive five year periods. The Company recognized a gain on the sale of this property of \$3,272,653 for the six months ended June 30, 2017. The Company early adopted the provisions of ASU 2016-02. The lease cost is \$52,000 per month for the initial year, with two percent annual increases.

Future minimum lease payments under these facilities leases are approximately as follows:

2017	\$	572,349
2018		839,410
2019		825,093
2020		816,000
2021		624,000
Thereafter		3,744,000
	\$	<u>7,420,852</u>

Rent expense was \$399,208 and \$12,408 for the six months ended June 30, 2017 and 2016, respectively.

Legal

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. There are no such matters that are deemed material to the condensed consolidated unaudited interim financial statements as of June 30, 2017.

NOTE 9 – STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock, each having a par value of \$0.001, with voting, distribution, dividend and redemption rights, and liquidation preferences and conversions as designated by the board of directors. The board of directors has designated 250,000 shares as Series A Preferred stock, par value \$.001 per share.

("Series A Preferred"). Each share of Series A Preferred shall have 500 votes for any election or other vote placed before the shareholders of the Company. As of December 31, 2016, 250,000 shares of Series A Preferred are issued and outstanding. As a result of the February 17, 2017 common stock issuance, all shares of Series A Preferred stock were rescinded, resulting in an increase to additional paid in capital of \$250.

The board of directors has designated 300,000 shares as Series B Preferred stock, par value \$.001 per shares ("Series B Preferred"). The Series B Preferred is non-voting, not eligible for dividends and ranks equal to common stock and below Series A preferred stock. Each share of Series B Preferred has a conversion rate into eight shares of common stock. As of December 31, 2016, 284,807 share of Series B Preferred are issues and outstanding. As a result of the February 17, 2017 common stock issuance all shares of Series B Preferred shares were converted, resulting in an increase to common stock of \$2,278 and additional paid in capital of \$1,993.

Common Stock

On February 17, 2017, the Company issued 4,285,714 shares of common stock at an offering price of \$3.50 per share. In addition, the Company's underwriter exercised the over-allotment to purchase an additional 642,857 shares of common stock. Gross proceeds to the Company were approximately \$17,250,000 before deducting underwriting discounts and commissions, and other estimated offering expenses payable by the Company.

On June 30, 2016, the Company issued 50,000 shares of fully vested common stock to a consultant as partial consideration for professional services to be rendered. The shares were fair valued at \$0.41 per share, which was the traded stock price of the Company's common stock at the time of grant. The Company (Successor) recognized legal and professional fees of \$20,500 related to this grant. The Company also issued 42,000 shares of common stock in connection with a warrant being exercised (see Note 10).

In connection with the acquisition of Xing, the Company issued a total of 5,600,672 shares of common stock as either purchase consideration or payment of transactional services that were provided (see Note 3).

NEW AGE BEVERAGES CORPORATION
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On August 3, 2016, the Company's Board of Directors approved and adopted the New Age Beverages Corporation 2016-2017 Long Term Incentive Plan (the "Plan") pursuant to which the maximum number of shares that can be granted is 1,600,000 shares. Grants under the Plan may include options and restricted stock, as well as many other equity-type awards. The purpose of the Plan is to attract able persons to enter the employ or to serve as directors or as consultants of the Company and its affiliates. A further purpose of the Plan is to provide such individuals with additional incentive and reward opportunities designed to enhance the profitable growth of the Company and its affiliates. The shares of our common stock to be issued in connection with the Plan will not be registered under the Securities Act. As of June 30, 2017, there has been no grants under the Plan.

NOTE 10 – COMMON STOCK WARRANTS

As of June 30, 2017, the Company had a warrant to purchase 100,000 shares of common stock outstanding with an exercise of \$0.40 per share. The warrant expires in March 2019. A summary of common stock warrants activity for the six months ended June 30, 2017 is as follows:

	Number	Weighted Average Exercise Price
Warrants outstanding December 31, 2016	100,000	\$ 0.40
Granted	-	\$ -
Exercised	-	\$ -
Forfeited	-	\$ -
Warrants outstanding June 30, 2017	100,000	\$ 0.40
Warrants exercisable as of June 30, 2017	100,000	\$ 0.40

During 2016, the Company issued a three-year warrant to purchase 100,000 shares at an exercise price of \$0.40 per share in connection with a \$200,000 Convertible Promissory Note (see Note 6). During the three months ended June 30, 2016, warrants totaling 42,000 shares of common stock were exercised at \$0.50 per share. The Company received \$21,000 when the warrant shares were exercised. Warrants outstanding as of June 30, 2016 were forfeited when acquiring Xing.

NEW AGE BEVERAGES CORPORATION
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NOTE 11 – NET (LOSS) INCOME PER SHARE

The following table provides basic and diluted shares outstanding for the calculation of net (loss) income per share. Series B preferred stock is included on an as-converted basis and warrants are included using the treasury stock method. For the periods whereby the Company is reporting a net loss from continuing operations, securities to acquire common stock or are convertible into shares of common stock are excluded from the computation of net (loss) income per share as they would be anti-dilutive.

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Weighted average shares outstanding – Basic	30,540,843	15,846,027
Warrant to acquire common stock	100,000	-
Weighted average shares outstanding – Diluted	30,640,843	15,846,027

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date these condensed consolidated financial statements were available for issuance.

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

Cautionary Notice Regarding Forward Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect management's current views with respect to future events and financial performance. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team as well as the assumptions on which such statements are based. Such forward- looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Forward-looking statements made in this Quarterly Report on Form 10-Q includes statements about:

- our plans to acquire brands or companies that we believe will be prospective development candidates;
- concentration of our customer base and fulfillment of existing customer contracts;
- our ability to maintain pricing;
- the cyclical nature of the beverage industry;
- deterioration of the credit markets;
- our ability to raise additional capital to fund future expenditures;
- increased vulnerability to adverse economic conditions;
- our integrating of acquisitions;
- our ability to obtain raw materials and specialized equipment;
- technological developments or enhancements;
- loss of key executives;
- the ability to employ skilled and qualified workers;
- costs and liabilities associated with environmental, health and safety laws, including any changes in the interpretation or enforcement thereof;
- our beliefs regarding the future of our competitors;
- our expectation that the demand for our products will continue to increase; and
- our expectation that we will be able to raise capital when we need it.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors” set forth in our Annual Report Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission (“SEC”) on March 31, 2017, any of which may cause our Company’s or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the SEC. The following Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Company should be read in conjunction with the unaudited interim financial statements and notes related thereto included in this Form 10-Q. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time except as required by law. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions.

As used in this Form 10-Q and unless otherwise indicated, the terms “we,” “us,” “our,” or the “Company” refer to New Age Beverages Corporation. Unless otherwise specified, all dollar amounts are expressed in United States dollars.

Overview

New Age Beverages is a leading all natural and organic healthy functional beverage company engaged in the development, marketing, sales and distribution of a portfolio of Ready-to-Drink (RTD) better-for-you beverages. The company has competitive entrants in the top 5 fastest growing segments of the beverage industry competing in the RTD tea, RTD coffee, Coconut Water, Kombucha, Functional Waters, and Energy drink segments. We differentiate our brands through functional characteristics and ingredients and offer all natural and organic products, with no HFCS, no GMOs, no preservatives, and only all natural flavors, fruits, and other ingredients. We manufacture of products in our own fully-integrated manufacturing facilities and through a network of nine additional manufacturers strategically located throughout the United States. Our products are currently distributed in 10 countries internationally, and in all 50 states domestically through a hybrid of four routes to market including our own DSD system that reaches more than 6,000 outlets, a DSD network that services more than 25,000 other outlets throughout the North America , directly through customer’s warehouses, and through our network of brokers and natural product distributors. Our products are sold through multiple channels including major grocery retail, natural food retail, E-Commerce, specialty outlets, hypermarkets, club stores, pharmacies, convenience stores and gas stations. We market our products using a range of marketing mediums including in-store merchandising and promotions, experiential marketing, events, and sponsorships, digital marketing and social media, direct marketing, and traditional media including print, radio, outdoor, and TV.

The Company was formerly American Brewing Company, Inc., a craft brewing company formed under the laws of the State of Washington on April 26, 2010. On April 1, 2015, the Company acquired the Búcha® Live Kombucha brand and the assets related to its production and sale from B&R Liquid Adventure.

On October 1, 2015, we sold the assets and various liabilities related to our brewery and craft brewing operations. The assets sold consisted of accounts receivable, inventories, prepaid assets and property and equipment. The liabilities consisted of brewing-related contracts we held, liabilities related to inventory as well as lease obligations. We recognized the sale of the brewery and craft brewing operations as a discontinued operation in the year ended December 31, 2016, in accordance with accounting guidelines. The Company changed its name to Búcha, Inc. in May 2016.

In June 30, 2016, the Company acquired the combined assets of New Age Beverages, LLC, New Age Properties, LLC, Aspen Pure, LLC, and Xing Beverage, LLC (collectively, New Age). New Age is engaged in the manufacturing and sale of various teas, waters, and other healthy functional beverages. This acquisition expanded our capabilities and product offerings, provided scale, and a supply chain and organizational foundation. Immediately following the acquisition, the Company relocated its operational headquarters to Denver, Colorado.

On February 17, 2017, the Company issued 4,285,714 shares of common stock at an offering price of \$3.50 per share. In addition, the Company's underwriter exercised the over-allotment to purchase an additional 642,857 shares of common stock. Gross proceeds to the Company were approximately \$17,250,000 before deducting underwriting discounts and commissions, and other estimated offering expenses payable by the Company.

On March 31, 2017, the Company completed the acquisition of the combined assets of Maverick Brands, LLC including their brand Coco-Libre, one of the leading brands in the >\$2.5 Billion Coconut Water category with a CAGR of >20% 2011-2016. Through the acquisition the company strategically gained the number one organic multi-serve brand of Coconut Water, and a range of other unique products including Organic Sparkling offerings, and protein based drinks in unique sizes and packaging offerings.

The acquisition of Maverick brands, not only provided New Age with a leading brand in a growth segment and significantly increased scale, but also strategically provided an attractive sourcing structure for future products expected to utilize coconut water as a base. In addition, the national retail key account penetration, and regional strength of Coco-Libre in certain regions like the Northeast for example, filled needed voids in the New Age go to market model.

Revenue synergies to be captured over the next 12 to 18 months are expected to be in excess of \$7 million to be gained primarily through US and International distribution expansion. Cost synergies over the next 12 to 18 months are expected to be in excess of \$5 million to be gained from headcount rationalization, shipping and production efficiencies, elimination of corporate overlaps, and rationalization of all non-value-added operating expenses.

In the first three months since owning the Coco-Libre operation, 100% of previous operational headcount has been eliminated and significant other overhead and operating expenses have been eliminated totaling more than \$3.6 million which has converted the business from a stand-alone loss-making enterprise into a profitable one incorporated into the New Age system.

On May 18, 2017, the Company completed the acquisition of Premier Micronutrient Corporation (PMC) including 12 patents covering a range of needs including:

- Cardiovascular health
- Neurological and concussive protection
- Radiation protection
- Immune function enhancement
- Oxidative cell damage protection
- Hearing health
- Diabetes treatment
- Metabolic function improvement

The acquisition of PMC also included 8 cooperative research and development studies done in conjunction with various groups within the US military, 14 prospective human clinical trials and animal studies to permit the communication of performance claims, and brands and domains including BioShield, BioArmor, and others.

The acquisition of the Premier Micronutrient Corporation strategically adds to the New Age portfolio significant intellectual property, unlike any other beverage company, and underpins the Company's planned product launches of the next generation of healthy functional beverages targeted to the medical and pharmacy channels. These new channels have significantly less competitive intensity where New Age's primary competitors do not operate, and the patents, trials, research, studies, and people provide the credibility that underpins entrance into the attractive area.

On June 13, 2017, the Company completed the acquisition of the combined assets of the Marley Beverage Company, including their brands Marley One Drop coffee, and Marley Mellow Mood relaxation drinks, two of the leading brands in the fast growing RTD coffee and RTD tea segments with a CAGR of »9% 2011-2016.

The acquisition of the Marley Beverage Company strategically adds to the New Age portfolio one of the top 5 brands in RTD Coffee, enables the Company to enter into the emerging relaxation drinks segment, and gain a brand with global recognition and more than 74 million Facebook followers.

Revenue synergies to be captured over the next 12 to 18 months are expected to be in excess of \$5 million to be gained primarily through US and International distribution expansion through New Age's own DSD and hybrid network route to market. Cost synergies over the next 12 to 18 months are expected to be in excess of \$5 million to be gained from headcount rationalization, shipping and production efficiencies, elimination of corporate overlaps, and rationalization of all non-value-added operating expenses.

New Age entered into management agreement and took over operational control of the Marley Beverage Company in the 4th quarter of 2016. At that time, the Company defined its intent to potentially complete a full acquisition of the business for consideration of 3 million shares. The acquisition closed following further due diligence and New Age's uplisting onto the Nasdaq Stock Market.

Since entering into the management agreement and in the last three weeks of the 2nd Quarter since completing the acquisition of the Marley Beverage Company operation, the businesses have been 100% integrated, a national sales force developed and trained, systems have been merged, and significant operating expenses have been eliminated all totaling more than \$3.1 million which has converted the business from a stand-alone loss-making enterprise into a profitable one incorporated into the New Age system.

Our core business is to develop, market, sell, and distribute our current brands including XingTea[®], XingEnergy[®], Aspen Pure[®] and Búcha[®] Live Kombucha, Marley One Drop[®], Marley Mellow Mood[®], and Coco-Libre[®] brands, and to develop new healthy functional beverage products. We compete in the healthy functional beverage segments, which is the growth area of RTD beverages as consumers gravitate toward better-for-you beverages and healthier choices and away from traditionally large beverage categories including juices and carbonated soft drinks.

XingTea[®]

XingTea[®] is an all-natural, premium RTD tea. XingTea[®] competes in the roughly \$50 Billion Global RTD tea market, which has experienced a compound annual growth rate over the past five years of just under 10%.

XingTea[®] is made with green and black teas, and is further differentiated from competitors with all-natural fruit flavors, with no preservatives, no GMO's, and no HFCS. XingTea[®] comes in 14 natural sweetened and unsweetened flavors in a range of packages from 23.5 ounce cans to 16 ounce multipacks and gallon jugs, and is produced in New Age's network of six manufacturers across the United States.

XingTea[®] is sold in all 50 states and 10 countries across multiple channels of distribution from traditional grocery, health food and specialty outlets to hypermarkets, club stores, as well as gas and convenience outlets.

XingEnergy[®]

XingEnergy[®] is an all-natural, non-GMO, non-HFCS, vitamin-enriched, better-for-you Energy Drink, made with all natural fruit flavors and contains the full recommended daily allowance of B-Complex vitamins. XingEnergy[®] competes in the roughly \$40 Billion Global Energy Drink market, which has experienced a compound annual growth rate over the past five years of just over 6%.

XingEnergy[®] comes in four flavors including Tangerine Dream, Grape Attack, Mad Melon, and Grapefruit Go packaged in 16 ounce cans, sold individually, and is currently being expanded to additional packaging sizes.

Aspen Pure®

Aspen Pure® is a naturally PH-balanced, artesian-well sourced water from the Colorado Rocky Mountains. Aspen Pure® competes in the \$326 Billion bottled water category and has experienced a compound annual growth rate of over 10%.

Unlike many other premium bottled waters, Aspen Pure® has no added minerals or electrolytes. It comes out of the ground at a natural PH-balanced level of up to 7.0, and is then purified and bottled at the source in New Age's own manufacturing facilities.

Aspen Pure Probiotic® is the world's first Probiotic water, and has more than 10 billion live Colony Forming Units (CFU's) (probiotics) in every serving. Aspen Pure Probiotic® has 12 different strains of probiotics and is shelf-stable with no refrigeration required.

Búcha® Live Kombucha

Búcha® Live Kombucha is a shelf-stable, 100% certified-organic, all-natural, probiotic, non-GMO, non-HFCS, fermented Kombucha tea with more than one billion probiotic organisms in every serving. Búcha® competes in the Kombucha category, a segment of healthy functional beverages, which has experienced compound annual growth over the past five years of 35%.

Búcha® is produced with a unique and proprietary manufacturing process that eliminates the vinegary aftertaste associated with many other Kombucha's and provides the brand with an industry leading nine-months of shelf life versus a typical 90-days for competitors, and the only major Kombucha that also does not require refrigeration. The production process also leads to consistency and stability with no risk of secondary fermentation, secondary alcohol production, incremental sugar production or over-carbonation.

Búcha® is made from black teas, proprietary Kombucha culture and probiotics, unique yeast strains and cultures, and all natural organic fruits and flavors. Búcha® Live Kombucha comes in five flavors including Raspberry Pomegranate, Blood Orange, Guava Mango, Grapefruit Sage, and Yuzu Lemon packaged in 16 ounce glass bottles. The brand is sold in traditional grocery and health food and specialty outlets, and is beginning to expand distribution across the United States in mainstream retail and down the street outlets with the support of major DSD partners.

Our Búcha® Live Kombucha is currently distributed in more than 7,000 stores, consisting of specialty health food stores and food, drug and mass chains including Whole Foods, Kroger, Safeway, 7-Eleven, Sobeys, Loblaw's, PCC, Vons and Ralph's, Natural Grocers, Sprouts, Ahold, Giant, HEB, Vitamin Cottage, select Airport outlets, Hotels and others.

Marley One Drop®

Marley One Drop® is a RTD Coffee made with Premium Jamaican Blue Mountain Coffee, and unlike competitive RTD Coffee's is all natural, has no HFCS, no preservatives, no GMO's, and is kosher certified. The brand comes in 11oz slim cans in four flavors including Mocha, Vanilla, Swirl and Banana Split.

Marley One Drop® competes in the ≈\$55 Billion Global RTD Coffee market, which has experienced a compound annual growth rate over the past five years of just over 10%. Marley is one of the top 5 brands in the category in North America, and the Marley franchise has global relevance with more than 74 million Facebook followers.

Marley One Drop® Coffee is distributed in more than 5,000 outlets throughout the United States and Canada, and has an initial presence in 7 international markets in Western Europe, Latin America and the Caribbean.

Marley Mellow Mood®

Marley Mellow Mood® is an all-natural RTD Tea, and on the forefront of creation of the relaxation drinks segment. Marley Mellow Mood is made with Valerian Root, Chamomile, and other natural herbs and ingredients and unlike competitive RTD Tea's is all natural, has no HFCS, no preservatives, no GMO's, and is kosher certified. The brand comes in 15.5 oz. cans in five flavors including Peach Raspberry, Bartlett Pear, Raspberry Lemonade, Honey Green Tea,

Marley Mellow Mood® relaxation drinks compete in the ≈\$50 Billion Global RTD Tea market, which has experienced a compound annual growth rate over the past five years of just under 10%. Marley is the leading relaxation drink, which is a developing sub-segment of the RTD category.

Marley Mellow Mood® relaxation drinks are distributed in more than 10,000 outlets throughout the United States and Canada, and has an initial presence in 7 international markets in Western Europe, Latin America and the Caribbean.

Coco-Libre®

Coco-Libre® is a certified organic Coconut water made from concentrate in the USA. It is the only brand made in the USA and because of its sourcing structure, has a consistent product and formula every time unlike competitors that are primarily sourced from Latin America or South-East Asia and subject to fluctuations in taste and issues with quality control. Coco-Libre® competes in the ≈\$2.5 Billion Coconut water category that has experienced a compound annual growth rate of over 20% over the past 5 years.

Coco-Libre® is one of the top 5 brands in the Coconut Water category and the leading brand in multi-serve sizes. The brand competes in four sub-segments including regular Coconut Water, Coconut Water with Fruit Flavors, Coco-Nut Water with Protein, and Sparkling Coconut Water with Fruit Flavors.

Coco-Libre® is distributed in more than 15,000 outlets throughout the United States and Canada, and has excellent presence in the natural channel and with major key national accounts, with particular account strength and regional strength in areas where New Age Beverages is traditionally less strong.

Results of Operations

The remainder of this MD&A discusses our continuing operations of the newly combined entity including all of the Company's brands. The comparisons on a three and six month basis for 2017 are of the newly combined entity versus the Búcha, Inc. standalone company in 2016.

For the three months ended June 30, 2017(newly Combined Entity) compared to the three months ended June 30, 2016

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016
Net revenue	\$ 15,104,795	\$ 686,740
Cost of goods sold	11,713,950	600,648
Gross profit	3,390,845	86,092
Operating expenses	3,724,749	2,046,187
Other income (expenses)	2,830,586	(37,524)
Net income (loss)	\$ 2,496,682	\$ (1,997,619)

Revenues

Gross revenues for the three months ended June 30, 2017 were \$16,038,264 vs. \$811,569 for the three months ended June 30, 2016. Net revenues from the sale of our product (sales less deductions, discounts and chargebacks) achieved \$15,104,795 vs. \$686,740 for the three months ended June 30, 2017 and 2016. The primary reasons for the significant increase was the acquisition of New Age on June 30, 2016, the acquisition of Maverick Brands (Coco-Libre) on March 31, 2017, the acquisition of the Marley Beverage Company on June 13, 2017, and organic growth of the portfolio.

Sales during the three months ended June 30, 2017 for the portfolio on a pro forma basis increased 6.7%. The primary reason for the significant increase was the rollout of the new shelf-stable Búcha® Live Kombucha, improved performance on XingTea in major convenience and traditional grocery stores, and continued expansion of the New Age DSD division in Colorado with the additions of Nestea, Essentia Water, Odyssey Beerwerks and the growth of the New Age own portfolio. The Company now has an entrant in the top 5 fastest growing segments of beverages with leading brands, and is employing a one-stop-shop offering to retailers and distributors.

Cost of Goods Sold

	Three months Ended June 30, 2017	Three months Ended June 30, 2016
Production costs/labor	\$ 11,294,771	\$ 595,158
Freight expense	419,179	5,490
Cost of goods sold	<u>\$ 11,713,950</u>	<u>\$ 600,648</u>

Total cost of goods sold including shipping costs for the three months ended June 30, 2017 was \$11,713,950 as compared to \$600,648 for the three months ended June 30, 2016. The primary reason for the significant increase was the acquisition of New Age on June 30, 2016, the acquisition of Maverick Brands (Coco-Libre) on March 31, 2017, the acquisition of the Marley Beverage Company on June 9, 2017, and organic growth of the portfolio.

As a percentage of sales, cost of goods sold (including shipping costs) was 77.6% for the three months ended June 30, 2017, versus 87.5% for the three months ended June 30, 2016.

The increase in the gross margin was due to several factors, including a significant increase in gross and net sales, increased scale and efficiencies that led to lower freight costs and transportation costs, improvement in the production processes of some of our key products that led to lower overall manufacturing costs, mix shift with higher margin products in the portfolio and value engineering of some of our key brands and packages.

Improvement in costs of goods sold is one of the Company's major priorities, and numerous improvement opportunities across each brand have been identified and action plans emplaced to improve gross margins. The individual actions across value engineering, scale negotiations, and other coupled with the significant mix benefits of adding in higher margin brands have already begun to positively impact gross margin, and are expected to significantly impact gross margin throughout in 2017.

Operating Expenses

	Three months ended June 30, 2017	Three months ended June 30, 2016
Advertising, promotion and selling	\$ 894,144	\$ 101,614
General and administrative	2,698,561	850,818
Legal and professional	132,044	1,093,755
Total operating expenses	<u>\$ 3,724,749</u>	<u>\$ 2,046,187</u>

Total operating expenses for the three months ended June 30, 2017 was \$3,724,749, as compared to \$2,046,187 for the three months ended June 30, 2016. The primary reason for the increase was the acquisition of Xing on June 30, 2016, the acquisition of Maverick Brands (Coco-Libre) on March 31, 2017, the acquisition of the Marley Beverage Company on June 13, 2017, and expenses related to driving organic growth of the portfolio.

As a percent of net sales, total operating expenses were 24.7% of net sales, vs. 26.7% in the prior quarter and vs. 297.9% of net sales in the prior year. With the additions of new businesses and organic growth of the core business with a lower corresponding increase in operating expense, the percent of total operating expenses as a percent of net sales is down 2.0 pts vs. the prior quarter and significantly versus prior year. As scale continues to increase, operating expenses as a percent of sales is expected to continue to significantly decline in 2017.

With the additions of new businesses and organic growth of the core business without a corresponding increase in operating expense, the percent of total operating expenses as a percent of net sales is down 2 pts vs. the prior quarter and dramatically versus prior year. As scale continues to increase, operating expenses as a percent of sales is expected to continue significantly decline in 2017.

In the planning of the acquisition and combination between Búcha, Inc. and Xing, and the planning of the combination with the Marley Beverage Company and Coco-Libre numerous cost synergies were identified that included reduction of freight expenses, improvement in cost of goods sold in both packaging and raw material sourcing, and numerous improvements in operating expenses including elimination of overlapping headcount and other duplicative expenses. With each acquisition, most cost synergies in headcount occur within the first 90 days, and the remaining cost synergies within 12 to 18 months. Many of the production, packaging, scale, and value engineering benefits take time to materialize and/or negotiate, but there is a methodical process in place in operations and supply chain to realize the savings.

For the six months ended June 30, 2017(newly Combined Entity) compared to the six months ended June 30, 2016

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net revenue	\$ 25,892,596	\$ 1,275,540
Cost of goods sold	20,066,422	1,100,129
Gross profit	5,826,174	175,411
Operating expenses	6,586,198	2,393,663
Other income (expenses)	2,549,352	(67,158)
Net income (loss)	\$ 1,789,328	\$ (2,285,410)

Revenues

Gross revenues for the six months ended June 30, 2017 were \$27,475,902 vs. \$1,511,783 for the six months ended June 30, 2016. Net revenues from the sale of our product (sales less deductions, discounts and chargebacks) achieved \$25,892,596 vs. \$1,275,540 for the six months ended June 30, 2017 and 2016. The primary reasons for the significant increase was the acquisition of New Age on June 30, 2016, the acquisition of Maverick Brands (Coco-Libre) on March 31, 2017, the acquisition of the Marley Beverage Company on June 13, 2017, and organic growth of the portfolio.

Sales during the six months ended June 30, 2017 for the portfolio on a pro forma basis increased 6.9%. The primary reason for the significant increase was the rollout of the new shelf-stable Búcha® Live Kombucha, improved performance on XingTea in major convenience and traditional grocery, and continued expansion of the New Age DSD division in Colorado with the additions of Nestea, Essentia Water, Odyssey Beerwerks and the growth of the New Age own portfolio. The Company now has an entrant in the top 5 fastest growing segments of beverages with leading brands, and the one-stop-shop offering to retailers and distributors from a credible, scale company is resonating. The renewed credibility and audiences with customers, have also provided the basis for New Age's presentation of new products including Aspen Pure® Probiotic and Marley Mate™. Early feedback has been excellent providing increased visibility into expected top-line growth in coming quarters in line with the company's published organic growth business model.

Cost of Goods Sold

	Six months Ended June 30, 2017	Six months Ended June 30, 2016
Production costs/labor	\$ 19,336,723	\$ 903,165
Freight expense	729,699	196,964
Cost of goods sold	<u>\$ 20,066,422</u>	<u>\$ 1,100,129</u>

Total cost of goods sold including shipping costs for the six months ended June 30, 2017 was \$20,066,422 as compared to \$1,100,129 for the six months ended June 30, 2016. The primary reason for the significant increase was the acquisition of New Age on June 30, 2016, the acquisition of Maverick Brands (Coco-Libre) on March 31, 2017, the acquisition of the Marley Beverage Company on June 9, 2017, and organic growth of the portfolio.

As a percentage of sales, cost of goods sold was 77.5% for the six months ended June 30, 2017, vs. 86.2% for the six months ended June 30, 2016.

The increase in the gross margin was due to several factors, including a significant increase in gross and net sales, increased scale and efficiencies that led to lower freight costs and transportation costs, improvement in the production processes of some of our key products that led to lower overall manufacturing costs, mix shift with higher margin products in the portfolio and value engineering of some of our key brands and packages.

Improvement in costs of goods sold is one of the Company's major priorities, and numerous improvement opportunities across each brand have been identified and action plans emplaced to improve gross margins. The individual actions across value engineering, scale negotiations, and other coupled with the significant mix benefits of adding in higher margin brands have already begun to positively impact gross margin, and are expected to significantly impact gross margin throughout 2017.

Operating Expenses

	Six months ended June 30, 2017	Six months ended June 30, 2016
Advertising, promotion and selling	\$ 1,591,911	\$ 197,835
General and administrative	4,788,852	1,020,428
Legal and professional	205,435	1,175,400
Total operating expenses	<u>\$ 6,586,198</u>	<u>\$ 2,393,663</u>

Total operating expenses for the six months ended June 30, 2017 was \$6,586,198, as compared to \$2,393,663 for the six months ended June 30, 2016. The primary reason for the significant increase was the acquisition of Xing on June 30, 2016, the acquisition of Maverick Brands (Coco-Libre) on March 31, 2017, the acquisition of the Marley Beverage Company on June 13, 2017, and expenses related to driving organic growth of the portfolio. In addition to the impact of the operating costs of a substantially larger scale enterprise, a significant amount of the increase was also attributable to the transactional costs recognized when acquiring Xing, Coco-Libre and Markey and numerous other one-time, non-recurring legal and other expenses associated with the integrations and absorption of the new enterprises.

As a percent of net sales, total operating expenses were 25.4% of net sales, vs. 187.7% of net sales in the prior year. With the organic growth of the business, and the significant additions of new scale business without a corresponding increase in operating expenses, the percent of total operating expenses as a percent of net sales is expected to significantly decline in 2017.

In the planning of the acquisition and combination between Búcha, Inc. and Xing, and the planning of the combination with the Marley Beverage Company and Coco-Libre numerous cost synergies were identified that included reduction of freight expenses, improvement in cost of goods sold in both packaging and raw material sourcing, and numerous improvements in operating expenses including elimination of overlapping headcount and other duplicative expenses. With each acquisition, most cost synergies in headcount occur within the first 90 days, and the remaining cost synergies within 12 to 18 months. Many of the production, packaging, scale, and value engineering benefits take time to materialize and/or negotiate, but there is a methodical process in place in operations and supply chain to realize the savings.

Liquidity and Capital Resources

As of June 30, 2017, we had cash of \$279,907 compared to cash as of December 31, 2016 of \$529,088.

On a standalone basis, we believe that cash flow from operations will meet our present and near-term cash needs. The acquisitions of Xing, New Age, Marley and Coco-Libre substantially grew the Company's scale and resources.

Working Capital

	June 30, 2017	December 31, 2016
Current assets	\$ 18,255,637	\$ 10,005,922
Less: current liabilities	7,665,528	11,442,748
Working capital (deficiency)	\$ 10,590,109	\$ (1,436,826)

Current assets are primarily comprised of accounts receivable and inventories, which accounts for 91.7% and 91.4% of our current assets as of June 30, 2017 and December 31, 2016, respectively.

Increases in our reported assets and liabilities are attributable to our June 30, 2017 acquisition of Maverick's, Marley's, and PMC's net assets for \$35,182,000. The purchase price was allocated to the net assets acquired as follows:

Accounts receivable	\$ 1,426,778
Inventories	2,886,844
Prepaid expenses and other current assets	412,351
Property and equipment, net	145,496
Goodwill	35,198,950
Accounts payable and accrued expenses	(1,466,372)
Contingent consideration	(1,250,000)
Assumption of note payable	(2,172,047)
Purchase price	<u>\$ 35,182,000</u>

The above allocation is preliminary and is subject to change. Because the acquisitions were completed on March 31, 2017 and during the second quarter ended June 30, 2017, the Company has begun to assess the fair value of the various net assets acquired but has not yet completed this assessment. The Company is also in the process of identifying other intangible assets, such as customer relationships and recipes that may need to be recognized apart from goodwill. Once identified, these other intangible assets, if any, will be recorded at their fair values. The Company is working to finalize the allocations as quickly as possible, and anticipates that the allocation will not be final for approximately 6 months. Any adjustments necessary may be material to the consolidated balance sheet and the amount of goodwill recognized. Any resulting adjustments would have no impact to the June 30, 2017 reported operating results or cash flows.

Cash Flows

	Six months ended June 30, 2017	Six months ended June 30, 2016
Net cash used in operating activities	\$ (6,676,764)	\$ (253,034)
Net cash provided by (used in) investing activities	6,485,875	(8,500,000)
Net cash (used by) provided by financing activities	(58,292)	8,714,988
Net change in cash	\$ (249,181)	\$ (38,046)

Operating Activities

Net cash used in operating activities for the six months ended June 30, 2017 was \$6,676,764, which is more than the net cash used in the comparable periods last year as a result of the Xing, Maverick, PMC and Marley acquisitions.

Investing Activities

For the six months ended June 30, 2017, net cash provided by investing activities of \$6,485,875 was primarily driven by our acquisition of Maverick on March 31, 2017, of which \$2,000,000 of cash proceeds were utilized. There were no cash outlays incurred for the PMC and Marley acquisitions. In addition, the Company received \$8,900,000 of proceeds from the sale its corporate facilities in April 2017.

Financing Activities

For the six months ended June 30, 2017, net cash used in financing activities of \$58,292 was due to the issuance of common stock of approximately \$16,000,000 of net proceeds and \$16,000,000 of payment on notes payable.

Future Financing

We may require additional funds to implement our growth strategy, although no additional financing is currently planned. We may need to raise additional capital to acquire new companies or brands, invest in our existing brands, and sufficiently support the supply chain and support the distribution of our products in the marketplace. These funds may be raised through equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of our shares. There can be no assurance that additional financing will be available to the company when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis should it be required, or generate significant material revenues from operations, we will not be able to meet our other obligations as they become due and we may be forced to scale down or perhaps even cease operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenues or operating results during the periods presented.

Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in the notes to our consolidated financial statements included herein for the quarter ended June 30, 2017.

Newly Issued Accounting Pronouncements

We do not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on our financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's Principal Executive Officer and Principal Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the periods specified in the Commission's rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

We have not made a change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Internal control systems, no matter how well designed and operated, have inherent limitations. Therefore, even a system which is determined to be effective cannot provide absolute assurance that all control issues have been detected or prevented. Our systems of internal controls are designed to provide reasonable assurance with respect to financial statement preparation and presentation.

Under the oversight of the Audit Committee, management will continue to review and make any changes it deems necessary to the overall design of the Company's internal control over financial reporting, including implementing improvements in policies and procedures. We are committed to a proper internal control environment and will continue to implement measures to improve the Company's internal control over financial reporting in response to our continued operational development.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not currently subject to any legal proceedings. From time to time, the Company may become subject to litigation or proceedings in connection with its business, as either a plaintiff or defendant. There are no such pending legal proceedings to which the Company is a party that, in the opinion of management, is likely to have a material adverse effect on the Company's business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

An investment in the Company's common stock involves a number of very significant risks. You should carefully consider the risk factors included in the "Risk Factors" section of the Annual Report Form 10-K for the year ended December 31, 2016 filed with the SEC on March 31, 2017, in addition to other information contained in those reports and in this Form 10-Q in evaluating the Company and its business before purchasing shares of its common stock. The Company's business, operating results and financial condition could be adversely affected due to any of those risks.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company relied on an exemption pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, in connection with the foregoing issuance.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBITS. The following exhibits required by Item 601 to be filed herewith are incorporated by reference to previously filed documents:

Exhibit Number	Description
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302
31.2	Certification of Chief Financial Officer pursuant to Section 302
32.1	Certification of Chief Executive Officer pursuant to Section 906
32.2	Certification of Chief Financial Officer pursuant to Section 906
101*	Interactive Data Files

* In accordance with Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

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.

NEW AGE BEVERAGES CORPORATION

Date: August 14, 2017

By: /s/ Brent Willis

Brent Willis
Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 14, 2017

By: /s/ Chuck Ence

Chuck Ence
Chief Financial Officer

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Brent Willis, certify that:

- 1) I have reviewed this quarterly report of New Age Beverages Corporation on Form 10-Q;
- 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) I am 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 the 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.
 - (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) 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 the 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 controls over financial reporting.

Date: August 14, 2017

/s/ Brent Willis

Brent Willis
Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Chuck Ence, certify that:

- 1) I have reviewed this quarterly report of New Age Beverages on Form 10-Q;
- 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) I am 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 the 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.
 - (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) 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 the 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 controls over financial reporting.

Date: August 14, 2017

/s/ Chuck Ence

Chuck Ence
Chief 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 New Age Beverages Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers, does hereby certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and 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.

August 14, 2017

/s/ Brent Willis

Brent Willis
Chief Executive Officer (Principal Executive Officer)

August 14, 2017

/s/ Chuck Ence

Chuck Ence
Chief Financial Officer
