

Keurig Dr Pepper and Nutrabolt Announce Strategic Partnership Including a Long-Term Sales and Distribution Agreement and Equity Investment by KDP

BURLINGTON, Mass. and FRISCO, Texas and AUSTIN, Texas, Dec. 8, 2022 /PRNewswire/ -- Keurig Dr Pepper Inc. (NASDAQ: KDP) and Nutrabolt today announced a strategic partnership, including a definitive agreement for a long-term sales and distribution arrangement that leverages KDP's powerful go-to-market capabilities and a significant equity investment that enables KDP to participate in the value creation upside expected to be created through the strategic partnership. The equity investment is expected to close by year-end.

Nutrabort is a rapidly growing, global active health and wellness company with a portfolio of brands, including C4® Energy, one of the fastest-growing performance energy drink brands in the U.S.; C4® Pre-Workout, the leading pre-workout brand globally; and XTEND®, the #1 post-workout recovery brand in the U.S.

Under the long-term sales and distribution agreement, KDP will sell and distribute C4® Energy in the vast majority of KDP's company-owned direct store distribution territories, which is expected to meaningfully increase retail availability and household penetration for the brand. Nutrabolt will continue to distribute C4® Energy directly or through its existing distribution network to the specialty, health club and fitness channels and will continue to work with some of its existing beverage distributors in certain markets.

KDP will make a cash investment in Nutrabolt of \$863 million, or approximately \$740 million net of anticipated cash tax benefits, in exchange for preferred equity with a 5% annual coupon paid in cash or in-kind. The investment provides KDP with an ownership stake of approximately 30%, making KDP the largest investor in Nutrabolt behind its Founder, Chairman and CEO, Doss Cunningham. Net of the anticipated cash tax benefits, the investment represents a multiple below 4x estimated 2023 net sales, which are expected to be above \$650 million. KDP also has the opportunity to earn additional equity tied to in-market execution and will have representation on the Nutrabolt board. In addition, the partnership provides KDP with rights to further increase its ownership stake under various capital raising scenarios.

Commenting on the announcement, Chairman and CEO Bob Gamgort stated, "This partnership represents a win-win transaction between our two companies. KDP gains significant presence in the rapidly growing performance energy drink market and Nutrabolt gains access to a strategic investor with extensive sales and distribution capabilities to further accelerate its growth. We believe that bringing together the resources, talent and expertise of both companies will accelerate innovation and growth and drive significant value creation over time."

Cunningham said, "We are extremely proud of this business and the team members who built it from the ground up and, with the assets and experience that KDP brings to the table, we are more confident than ever about the direction of the company and our vision for the future. This strategic partnership will supercharge C4 Energy's current growth trajectory by accelerating household penetration, enhancing distribution and strengthening our overall commercial capabilities. We will also be partnering with a talented and ambitious leadership team who shares our values, our competitive spirit and has a similar philosophy of disciplined growth and maximizing overall value creation."

"Over the past 20 years, Nutrabolt has grown from a bootstrap startup to become one of the fastest growing global active health and wellness companies in the world," Cunningham continued. "This is an amazing moment for our company, and it is because of the incredible contributions of our team members, commercial partners and those who have financially backed us over the years, namely MidOcean Partners, and CPG veterans and equity investors Brian Goldberg and Clayton Christopher."

The transition of C4® Energy distribution to KDP will occur during 2023, which is expected to be a transition and investment year, with limited impact on KDP financial results until 2024, when KDP expects the strategic partnership to become accretive to its financial results.

More information regarding the partnership will be discussed at KDP's previously announced fireside chat on Dec. 15, 2022, at 2:30 p.m. (ET), hosted by Equity Analyst Bryan Spillane with BofA Securities.

Advisors on the deal for KDP included Evercore Group LLC, Skadden, Arps, Slate and Meagher & Flom LLP. Jefferies LLC and Goldman Sachs & Co LLC served as financial advisors to Nutrabolt with Goodwin Procter LLP, Giannuzzi Lewendon LLP and Kirkland & Ellis LLP serving as legal advisors.

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About Keurig Dr Pepper

Keurig Dr Pepper (KDP) is a leading beverage company in North America, with annual revenue approaching \$13 billion and approximately 27,000 employees. KDP holds leadership positions in soft drinks, specialty coffee and tea, water, juice and juice drinks and mixers, and markets the #1 single serve coffee brewing system in the U.S. and Canada. The Company's portfolio of more than 125 owned, licensed and partner brands is designed to satisfy virtually any consumer need, any time, and includes Keurig®, Dr Pepper®, Green Mountain Coffee Roasters®, Canada Dry®, Snapple®, Bai®, Mott's®, CORE® and The Original Donut Shop®. Through its powerful sales and distribution network, KDP can deliver its portfolio of hot and cold beverages to nearly every point of purchase for consumers. The Company is committed to sourcing, producing and distributing its beverages responsibly through its Drink Well. Do Good. corporate responsibility platform, including efforts around circular packaging, efficient natural resource use and supply chain sustainability. For more information, visit www.keurigdrpepper.com.

About Nutrabort

Nutrabort is a fast-growing, global active health and wellness company with a portfolio of market leading performance-oriented brands that energize and fuel active lifestyles. The company's disruptive and innovative products compete in the Functional Beverage and Active Nutrition segments, under three consumer-loved brands: C4® (one of the fastest-growing energy drink brands in the United States and the #1 selling global pre-workout brand), XTEND® (the #1 post-workout recovery brand in the United States), and Cellucor® (an award-winning sports nutrition brand created in 2002).

Since its founding 20 years ago, Nutrabort has set out to meet the discerning needs of performance athletes and fitness enthusiasts, while appealing beyond this core group to include consumers around the globe who are making healthy, active living a daily priority.

Nutrabort's portfolio, which is distributed in over 125 countries, is sold through company-owned DTC platforms, Amazon, and other third-party e-commerce marketplaces, and is available at leading retailers across the U.S., including Walmart, Target, 7-Eleven, Walgreens, Kroger, H-E-B, Wawa, Publix, GNC, and the Vitamin Shoppe. For more information about Nutrabort, please visit www.nutrabort.com.

FORWARD LOOKING STATEMENTS

Certain statements contained herein are "forward-looking statements" within the meaning of applicable securities laws and regulations. These forward-looking statements can generally be identified by the use of words such as "outlook," "guidance," "anticipate," "expect," "believe," "could," "estimate," "feel," "forecast," "intend," "may," "plan," "potential," "project," "should," "target," "will," "would," and similar words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements regarding the expected future results of KDP's strategic partnership with Nutrabort, the anticipated benefits of the partnership (including KDP's anticipated tax benefits), future impacts on KDP financial results, and other statements that are not historical facts. These statements are based on the current expectations of KDP's management, are not predictions of actual performance, and actual results may differ materially.

Forward-looking statements are subject to a number of risks and uncertainties, including the factors disclosed in KDP's Annual Report on Form 10-K and subsequent filings with the SEC. KDP is under no obligation to update, modify or withdraw any forward-looking statements, except as required by applicable law.

SOURCE Keurig Dr Pepper Inc.; Nutrabort

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