



To Our Shareholders:

I am very pleased to be able to communicate with our loyal shareholders directly and to give you an update on the exciting progress and growth in 2019 and Company guidance for 2020.

Kona Gold Solutions, Inc., a holding company, has positioned itself as a leader in the functional beverage sector with the development and marketing of products such as its popular Kona Gold Hemp Energy Drinks, HighDrate - the market's first CBD energy water, and the Company's new Storm CBD High Alkaline Water. We continue our efforts in growing the company through new distribution partners, creating market awareness through strategic sponsorships and partnerships, and by developing phenomenal products that taste amazing and resonate with our consumers.

2019

Kona Gold has experienced unprecedented growth through the first three quarters of 2019. In January, the Company estimated revenue projections of \$1.5 - \$2 million for 2019. In early October, we hit that target, 3 months earlier than anticipated, recording revenues of \$1.5 million. In comparison, the Company realized revenue of just \$73k through the first three quarters in 2018 and \$1.42 million through the first three quarters of 2019, equating to revenue growth of 1,845%. We are forecasting to hit \$2 million in revenue for 2019.

Kona Gold Solution's wholly owned subsidiaries employed two people starting in 2019. We are proud to share the Company has grown to 10 employees this year. We have made key hires this year, which has been integral to the Company's success.



Kona Gold recently missed its third quarter projections, posting revenue of just over \$458,000. Several factors contributed to the lower than anticipated revenue for Q3.

1.) Elavon, the only credit card processor for hemp and CBD companies at the time, informed all of its hemp and CBD customers that they would be discontinuing credit card processing in June. This impacted thousands of businesses in the industry, including Kona Gold. To put this in perspective, Kona Gold processed close to \$200,000 in credit cards in Q2. The Company found itself without a credit card processor for all of Q3, thus missing out on a significant amount of revenue from its wholesale and ecommerce customers.

2.) While waiting for guidance from the FDA, the Company delayed production of its HighDrate CBD Energy Waters and the launch of its Storm CBD Water in Q3. Delaying production of these product lines in Q3 correlated to a loss of \$150,000 - \$200,000 in protentional revenue from these product lines.

Beginning in early Q4, the two above factors that contributed in lost revenue have been addressed. The Company, in early October, secured an established credit card processing Company that started a pilot program for hemp and CBD companies. We promptly integrated the new credit card processor into our ecommerce websites and began processing ecommerce sales and wholesale accounts again.

At the end of Q3, the Kona Gold launched its highly anticipated Storm CBD High Alkaline Water, which hit shelves in early October. The Company also restarted production of its popular HighDrate CBD Energy Waters, with all flavors now in stock and shipping to distributors.



Being a leader in such a progressive market, we have had to overcome many obstacles that many industries do not face. Companies may view these obstacles as setbacks, and in some cases, cause them to close their doors; but we see them as opportunities and have been able to adapt to the ever-changing climate. Over the last year, there have been many positive changes around hemp and CBD, and we expect that to continue, allowing companies, such as Kona Gold, to thrive.

2020

Kona Gold recently held a strategic planning meeting at its Corporate offices in Melbourne, Florida last month. This meeting included planning for Q4 of 2019 and Q1 of 2020.

With the recent hire of Kona Gold's Chief Financial Officer, Director of National Sales and working with a prospective candidate for its West Coast Sales Manager position, we continue to build a world class team that knows how to execute. In our efforts to become a national brand, we have shifted our focus to larger distribution houses that have experienced teams and massive reach to get our products into the market place.



Kona Gold continues its yearlong partnership with the American Breast Cancer Foundation with its Kona Gold Pink Hemp Energy Drink. Kona Gold's pink grapefruit flavor has become a favorite with consumers and one of the Company's top selling flavors.

In October, Kona Gold began working with a full-service marketing company that utilizes creative drink and product development to build and cultivate revenue generating beverage programs and supplier partnerships. This new and exciting initiative will provide the Company with new opportunities to work with various regional and national restaurant chains in creating fun, innovative cocktails.



Kona Gold Solutions wholly owned subsidiary, Gold Leaf Distribution, has been very successful establishing itself in the South Carolina markets with over 250 retail customers, and is growing on a weekly basis. Gold Leaf now has a great portfolio of beverages and products that it distributes to its customers in Florida and South Carolina. Although fall and winter in the beverage industry is generally considered the slow season, Gold Leaf's current growth path has it profitable in Q4 of 2019. Gold Leaf is positioned to see exponential growth in 2020 as it expands its footprint and continues to add premium products to its portfolio.

The Company has recently set projections of \$6-\$8 million for 2020 based on demand for its current products, new product launches for 2020, and current developments in the last quarter of 2019.

In closing, as we commit ourselves, as a Company, to grow Kona Gold into a national brand and household name, we are also committed to creating shareholder value and confidence in our shareholders. The Company recently returned over 64,000,000 common shares to the treasury and has no outstanding convertible Series C Preferred shares. I want to thank each and every one of our shareholders for your continued support of Kona Gold Solution, Inc. I am very excited in our growth, our team, and direction of our Company, and look forward to a prosperous Q4 in 2019 and 2020. I encourage you to contact us at investorrelations@konagoldhemp.com regarding any questions you may have about the Company.

Sincerely Yours,

A handwritten signature in cursive script that reads "Robert Clark".

Robert Clark
Chief Executive Officer