



## *To Our Shareholders:*

I am very pleased to be able to communicate with our shareholders directly and to give you an update on the exciting progress 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 markets first CBD energy water, and Storm CBD High Alkaline Water. We continue our efforts to become a national brand by 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.

## *Company Growth*

Kona Gold experienced unprecedented growth in 2019, growing revenue by over 900% from the previous year. In January of 2019, the Company set revenue projections of \$1.5 - \$2 million for the year. We hit our projections with over \$1.6 million in revenue in 2019. The Company experienced rapid growth in the first two quarters of 2019 with the signing of over 60 distribution partners, bringing our products to 36 states, and successfully scaled production needs to stay in line with demand.

In October of 2019, Lori Radcliffe, Kona Gold's newly hired Chief Financial Officer, took over the audit of the Company's 2017, 2018, and 2019 financials and took the lead on moving the Company to the OTCQB. In the short span of 6 months, working with our external accounting firm and the OTC, Lori was able to complete the three years of audits and successfully uplist Kona Gold Solutions Inc. to the OTCQB Venture Market as of April 15<sup>th</sup>, 2020. Joining the OTCQB elevates Kona Gold Solution's profile within the investment community, which we anticipate will help improve liquidity and broaden our shareholder base. This was a huge milestone for the Company.



In late 2019 and early 2020, the Company began executing its plan on seeking distribution upgrades in key markets. In order to successfully penetrate key markets, it takes established distribution partners that have a proven track records with NA's (non-alcoholic beverages) and already have established relationships with retail customers. The Company successfully signed several tier 1 distributors with state wide coverage, and we are having great success with these distributors in states like Michigan and Alabama.

COVID-19 pandemic was something no one anticipated in 2020, which has had a national and global economic impact like we have never experienced in our lifetime. As COVID-19 cases began to grow in the United States, and states began to issue Stay-at-Home orders with only essential businesses able to operate, the Company began to feel the impact in several ways.

First, prior to COVID-19, our team was working with a large grocery chain in the Southeast and several tier 1 and mid-size distributors in several states that we are close to bringing on as partners. We continue to work with these future partners, but in the wake of the current pandemic, launching our products in any of these markets has been delayed.

Second, the Company has seen a 200-300% increase in online sales on its Company owned websites and on Amazon.com over the last two months. With 80-90% of the country issued Stay-at-Home orders, many customers are moving to online ordering to receive products.

Third, Gold Leaf Distribution, the Company's wholly owned distribution company, has seen a huge increase in demand from grocery stores and select convenience stores it distributes to in Florida and South Carolina. Gold Leaf, considered an essential business, recently hired an additional full-time salesman/driver last month for its South Carolina location in order to keep up with demand and account growth.

The Company continues to watch the developments of COVID-19 closely, and is adapting to the ever-changing environment. Fortunately, we do not have to lay off any personnel, and the Company is seeking to take advantage of government assistance programs that are offered to businesses.



Although growth has slowed in some areas of the Company, we are seeing fantastic growth in other areas. Given today's current economic climate, we must adapt and focus on the areas that will keep the Company viable in the short term and continue to lay the groundwork and maintain current talks with potential partners so that we can come out ahead in the long term.

## *2020 Guidance*

Kona Gold set revenue projections of \$6-\$8 million for 2020 and the Company strongly feels it will hit those numbers this year. The COVID-19 pandemic has had an impact on revenues in early 2020, but we anticipate having a very successful summer and continued growth with Kona Gold and Gold Leaf Distribution throughout the rest of 2020.

We anticipate we will have our Kona Gold Hemp Energy Drinks on the shelves of our first major grocery store chain by this summer. Our team recently signed another Anheuser-Busch distribution partner in Brevard County Florida and we are in talks with several more AB distributors in Florida, along with Tier 1 and mid-size distributors in several other states. Additionally, our team is focusing on direct ship retail store chains in the U.S., such as Huck's Stores, one of Kona Gold's current direct ship partners.



Gold Leaf, our distribution company, has grown to over 600 retail accounts and is slated to see exciting growth in the coming months. Gold Leaf recently became an authorized distributor for Circle K Stores, BI-LO grocery stores, and Winn Dixie grocery stores. Gold Leaf will begin distributing Lemin brand lemonade to over 200 Circle K's in South Carolina next week, a new product for Circle K's. In addition, Gold Leaf will begin distributing Lemin to BI-LOs and Winn Dixies as well. Gold Leaf currently distributes Aloe King to BI-LO grocery stores. These new accounts will generate substantial revenue for Gold Leaf and open doors for other distribution opportunities.

The Company has recently hired a new securities counsel, BakerHostetler, who will take lead on filing the Company's S-1. Filing and registering our S-1, and becoming fully reporting will be a huge milestone for the Company. This will further elevate Kona Gold's profile within the investment community and allow the Company the opportunity to pursue higher exchanges. Our new securities counsel will be updated on the Company's OTC profile within the coming days.

In 2020, Kona Gold Solutions will be looking at several acquisitions on the beverage and distribution sides of the Company. The Company has been working closely with other beverage brands and distributors, which has created opportunities for acquisitions. We will be looking at these potential acquisitions directly after the registration of our S-1.



In closing, I want to thank each and every one of our shareholders for your continued support of Kona Gold Solution, Inc. The Company experienced phenomenal growth in 2019 and I am more excited for what's in store for 2020 as Kona Gold evolves and Gold Leaf experiences big growth. I encourage you to contact us at [investorrelations@konagoldhemp.com](mailto:investorrelations@konagoldhemp.com) regarding any questions you may have about the Company. Stay safe.

Sincerely Yours,

A handwritten signature in cursive script, appearing to read "Robert Clark".

Robert Clark  
Chief Executive Officer