



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 2021.

Kona Gold Beverage, Inc., a holding company, has positioned itself as a leader in the functional beverage and better-for-you sectors with the development and marketing of products such as its popular Kona Gold Hemp Energy Drinks, HighDrate - the markets first CBD energy water, Storm CBD High Alkaline Water, and Ooh La Lemin Lemonade. We continue our efforts to become a national branded Company with our portfolio of beverage products 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.

A Look Back at 2020

2020 was a challenging year due to the unforeseen Covid-19 pandemic, not only for Kona Gold Beverage, but for all companies. The COVID-19 disrupted businesses and affected production and sales across a range of industries, as well as causing volatility in the financial markets. The extent of the impact of the COVID-19 pandemic on the Company's consumer demand, sales, and financial performance presented a new set of challenges. During 2020, the Company saw a big shake up in the beverage industry, including consolidation of beverage companies, distributors delaying or not launching new products, and many beverage brands and small distributors were forced to close their doors. Kona Gold Beverage and its subsidiaries, were blessed in that we have continued to ride out the storm. During 2020, the Company took a step back, realigned our objectives and strategies, and put the Company in a very successful position for 2021 and beyond.



While many beverage companies were looking for ways to either downsize or just stay afloat in 2020 during the COVID-19 pandemic, Kona Gold Beverage took the opportunity to focus on expanding its beverage portfolio, uplisting to the higher OTCQB market tier, and becoming a fully reporting entity by filing its Form S-1 Registration Statement with the SEC.

In April of 2020, Kona Gold Beverage, which was previously Kona Gold Solutions, met all requirements and uplisted to the higher market tier, the OTCQB Venture Market. Less than three months later, in July, the Company filed its Form S-1 Registration Statement with the SEC, raising \$1 million in capital via an accredited investment firm. The capital raised through the S-1 was utilized to fund the S-1 Registration process, product production, and provide cash flow during the COVID-19 pandemic. The S-

1 Registration Statement became effective on December 31, 2020, and the Company became fully reporting with the SEC as of this date.

With COVID-19 impacting sales, and continuing to create roadblocks and hurdles for the Company to distribute CBD beverage products in the market, and in some cases Hemp beverage products, the Company sought out to acquire a better-for-you brand to distribute in mainstream markets. On January 25, the Company announced the acquisition of Lemin Lemonade, which was already distributed through Kona Gold Beverage's subsidiary, Gold Leaf Distribution. The acquisition of Lemin Lemonade gave the Company a mainstream brand in its portfolio, which is opening doors and creating new opportunities for its existing brands, while adding a new revenue stream for the Company.



Kona Gold Beverage closed out 2020 with just over \$900,000 in revenue. Although revenue was far off of Company's projections, which were set before the unforeseen COVID-19 pandemic, Kona Gold Beverage as a whole, accomplished several key milestones during 2020 at a time when other brands were struggling to stay afloat. These accomplishments have set the foundation for the Company to build upon, and we anticipate a very successful 2021 and beyond.

2021 Guidance

Kona Gold Beverage has set revenue projections of \$2.5-\$3 million for 2021. While we anticipate the COVID-19 pandemic will still have an impact on sales, and we are unable to predict the extent of that impact, the Company strongly believes the Covid-19 impact will be dwindling down as we move further into 2021. Driving revenue projections will be revenue from the Company's newly acquired and rebranded Ooh La Lemin Lemonade, and from the growth of the Company's subsidiary, Gold Leaf Distribution. Revenue projections for Gold Leaf Distribution alone are anticipated to be \$1-\$1.2 million.

Kona Gold Beverage raised an additional \$1.5 million in capital in early 2021. Portions of the proceeds from this current round of funding were used to acquire S&S Beverage (Lemin Lemonade). The remaining proceeds will be used for product production, expanding the Company's national sales team, growing our distribution footprint, expanding our market share, and on going business operations. The Company will be hiring regional sales reps that will be tasked to grow sales within our distribution partners' territories by working on-site with each distribution partner's sales team. Additionally, Kona Gold has partnered with several beverage brokers who have relationships with national and regional chains. These brokers provide the Company with additional sales power by utilizing their established relationships with buyers in key markets and chains.



Kona Gold's sales team continues to focus on growth of its Kona Gold Hemp Energy Drinks, the leading hemp energy drink on the market. The recent acquisition of Lemin Lemonade has created new distribution opportunities for Kona Gold Hemp Energy Drinks, and we anticipate many of those opportunities will come to fruition in mid 2021. The Company's HighDrate CBD Energy Waters

continue to have very strong sales in the markets it is in, and has the potential to see exponential growth once the FDA provides guidance on CBD food and beverage products.



Kona Gold Beverage's newly acquired Ooh La Lemn Lemonade has surpassed sales expectations in new and existing markets with its new branding, which was launched in chains in late February.

The rebranding to Ooh La Lemn has seen up to an 800% sales increase from the previous year in existing key accounts such as Plaid Pantry. Ooh La Lemn has been launched in new exciting chains around the country, and we anticipate exceptional growth with this brand as consumers find it in coolers and on shelves at popular retail locations.

Gold Leaf Distribution, our distribution subsidiary, has grown to over 600 retail accounts and has experienced strong month-over-month revenue growth over the last year.

Gold Leaf is nearing profitability as it continues to distribute its solid portfolio of products in Florida and South Carolina. With March 2021 revenues of over \$80k, we anticipate Gold Leaf to be producing monthly sales of over \$100k in the coming months.



In closing, I want to thank each and every one of our shareholders for your continued support of Kona Gold Beverage, Inc. The Company experienced phenomenal growth in 2019, and a pull back in 2020 due to COVID-19 Pandemic, but has positioned itself for exciting growth in 2021 and beyond. I encourage you to contact us at investorrelations@konagoldbeverage.com regarding any questions you may have about the Company. As always, stay safe, stay healthy!

Sincerely Yours,

A handwritten signature in dark ink, appearing to read "Robert Clark".

Robert Clark
Chief Executive Officer