



## *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 growth we experienced in 2021 and Company guidance for 2022.

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 Ooh La Lemin Lemonades, Kona Gold Hemp Energy Drinks, and HighDrate - the markets first CBD infused energy water. We continue our focus on building a solid portfolio of beverage products by growing the company through acquisitions, product rebranding, new distribution partners, new retail partners, and by developing phenomenal products that taste amazing and resonate with our consumers.

### *2021 in Review*

2021 was an exciting year for Kona Gold Beverage as we experienced month-over-month revenue growth, broke monthly and quarterly revenue records, and had the highest yearly gross revenue. The Company set 2021 projections at \$2.5-\$3 million in early 2021 and finished the year with approximately \$2.55 million, hitting its projections. Hitting those projections demonstrated that our team executed on its strategic plan and our management team was very successful in growing revenue approximately 200% over 2020 revenue, despite the challenges the Company continued to see with logistics and other factors arising from the Covid-19 pandemic.

Two catalysts propelled the Company's phenomenal growth in 2021: the acquisition of Ooh La Lemin and the huge growth of our distribution subsidiary, Gold Leaf Distribution. These two catalysts accounted for approximately 75% of gross revenue in 2021.

Our new successful Ooh La Lemin Lemonade beverage brand, which we acquired in early 2021 and was previously named Lemin Lemonade, has proven to be a very successful acquisition for the Company. We spent the majority of 2021 working on rebranding Lemin to Ooh La Lemin, and transitioning the beverage brand into the Kona Gold Beverage portfolio. Ooh La Lemin accounted for approximately 60% of all beverage sales within our Kona Gold LLC subsidiary and we anticipate big things from this brand in the future. Ooh La Lemin is currently available in popular retail locations such as Wawa, Plaid Pantry, Coborn's, Festival Foods, Hyvee's, Pete's Fresh Market, Pick n Save, and Piggly Wigglys.

Gold Leaf Distribution experience phenomenal growth in 2021 with revenue up approximately 325% from 2020, closing out the year with approximately \$1.4 million in revenue, \$200,000 above its 2021 projected revenue of \$1-1.2 million. Gold Leaf operations more than doubled in size in 2021, with 3

locations, 9 employees and 8 delivery trucks. Gold Leaf started the year with approximately \$46,000 in revenue for the month of January and saw month-over-month revenue growth for almost every month in 2021, ending the year with approximately \$200,000 in revenue for the month of December, which is generally the slowest month in the beverage season, but a record month for the Company. In late 2021, Gold Leaf opened a new distribution center in Conway, SC, right outside of Myrtle Beach, a popular tourist destination.

Kona Gold's other beverage brands, Kona Gold Hemp Energy Drinks and HighDrate CBD Energy Waters rounded out the year with approximately the same case sales and revenue compared to 2020.

## *2022 Guidance*

Kona Gold Beverage has set revenue projections of \$8-\$10 million for 2022. These revenue projections are an increase of approximately 200-275 percent from 2021 revenue and a strategic projection for the Company. That revenue will be divided between the Company's two subsidiaries, Kona Gold LLC and Gold Leaf Distribution LLC. We plan to see a gradual increase in revenue in the first few months of 2022 with a big increase in monthly revenue during the Spring and Summer months. In the latter half of 2021, Kona Gold Beverage raised \$3 million in capital to facilitate projected 2022 growth, which the Company has already put that capital to work in preparation to sustain rapid growth.

Kona Gold LLC anticipates big growth from its Ooh La Lemin Lemonade brand, its soon to launch Sparkling Ooh La Lemin Lemonade brand, and its soon to be rebranded Kona Gold Energy Drinks. In 2021, the Company sold approximately 61,000 cases of product across its beverage portfolio and has projected 2022 case sales to be in the area of 340,000. Driving that growth will come in the way of a new product line, Sparkling Ooh La Lemin Lemonade, the rebranding of Kona Gold Energy Drinks, and partnering with strategic retail partners. Our new Sparkling Ooh La Lemin Lemonade will launch in early February and we anticipate our Kona Gold Energy Drink rebranded product to be produced in the March/April time frame. Our team is currently in talks with buyers from several big box national chains, which are very interested in our new Sparkling Ooh La Lemin Lemonades, with Sparkling being one of the hottest beverage categories. We anticipate at least one, if not several, of these partnerships to come to fruition in early 2022.

The Company is currently in the process of rebranding its Kona Gold Energy Drinks and hired a leading firm out of Chicago, SoulSight, to handle that initiative. We anticipate the rebranding concept to be completed in January. We will be reducing our product line from 8 flavors down to 6, discontinuing our Bubble Gum Flavor and our Sugar Free Flavor will now become our Classic Flavor as we move away from High Fructose Corn Syrup, which was the sweetener used in Classic. We are working with our lab to test a formulation of all flavors with 200mg of caffeine, up from 115mg, to bring our energy drinks in line within the industry and compete with mainstream brands. Less focus will be put on hemp, but will still be an active ingredient in our energy drinks. Along with the rebranding of our can design, we will be launching a new modern website which will be appealing and have new exciting features such as product subscriptions. A heavy focus will be put on Social Media marketing and influencers, which the Company has put off until the rebranding is completed.

Gold Leaf Distribution will continue to see exciting growth in 2022 as we continue to grow in our territories, partner with leading retailers, and add high volume products to our product portfolio. Gold Leaf is now seeing revenues of approximately \$200,000 a month and we anticipate that to grow quickly to \$300,000 a month and possibly beyond as our Conway operation continues to come up to speed. Gold Leaf distributes products to over 1,100 customers including quality retailers such as Target, Piggly Wiggly, IGA, Speedway, and many others. Gold Leaf not only distributes Kona Gold's beverage portfolio, but also other leading beverage brands, snacks, beef jerky, and other popular products. The Company has just hired two more delivery drivers in January to help support growth.

Our Executive team at Kona Gold Beverage has been working over the last year and a half aligning the Company with strategic partners, such as our SEC attorneys and new auditing firm, in order to lay the foundation and preparation to uplist to a national stock exchange such as the NASDAQ or NYSE. To accomplish such a feat, takes time, resources, and strategic planning within the Company, and we anticipate to have updates for our shareholders regarding this planning in the summer months of 2022. Our growth plan for the Company is long term and we value our shareholders that have stood by the Company during this time of growth.

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 exciting growth in 2021 and we anticipate even bigger growth in 2022. I encourage you to contact us at [investorrelations@konagoldbeverage.com](mailto:investorrelations@konagoldbeverage.com) regarding any questions you may have about the Company. As always, stay safe, stay healthy!

Sincerely Yours,

/s/ Robert Clark

Robert Clark  
Chief Executive Officer