

Business Plan

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1.0 Executive Summary

Kona Gold, LLC is a premium hemp company that intends to develop, design, trademark, and market products related to hemp lifestyle niche markets. Kona Gold's energy drink and energy shot formula has already been created and is in the production phase. Two trademarks have been initially filed for that pertains to energy drinks and apparel. The company projects upwards of $12.8 million in sales in year three.

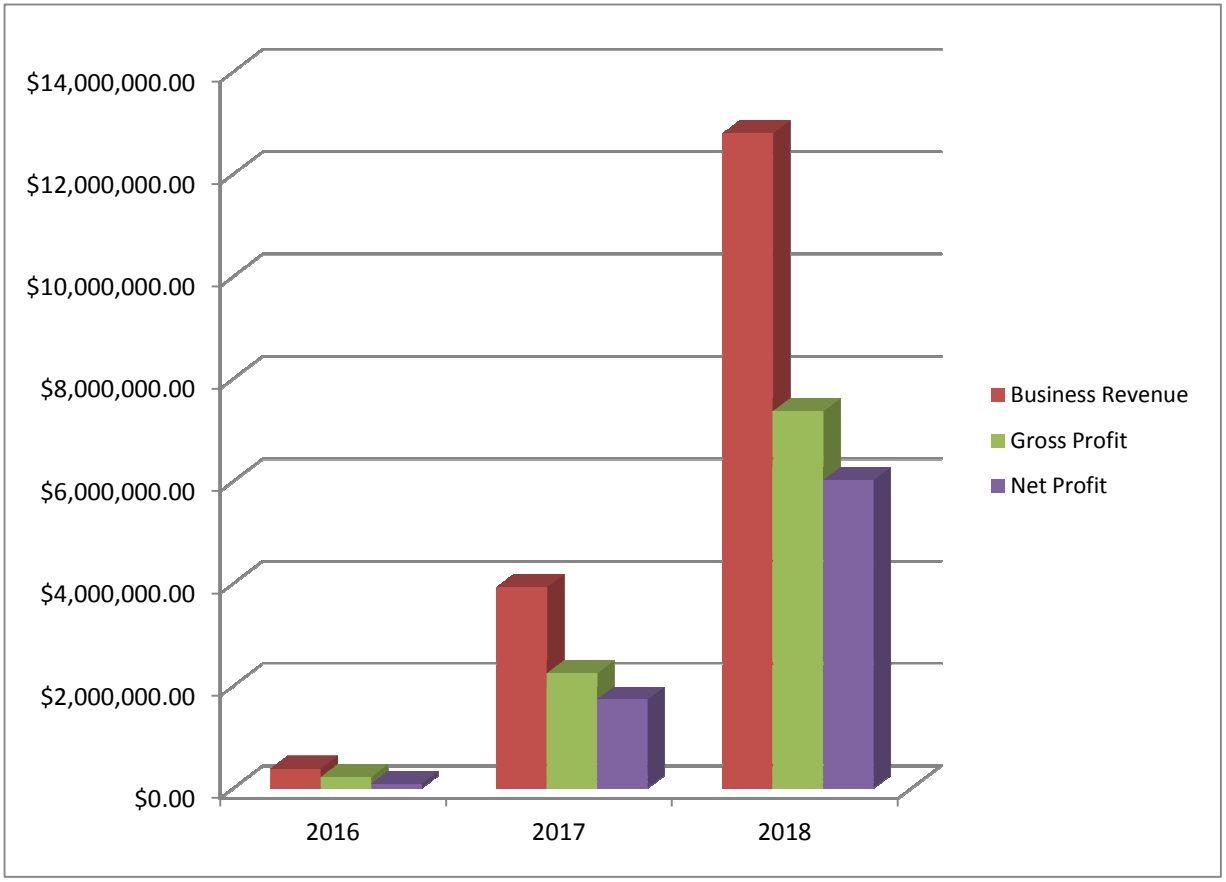
The market segments are clearly defined and all are subject to a high growth trend. The hemp market alone grew 24% in 2013 and is expected to increase on the same trajectory. There are many verticals in the hemp industry and Kona Gold plans on attacking several of those. What is lacking in the market is a premium brand, a brand that brings status, and that is where Kona Gold comes in.

This is a several hundred million dollar market and with significant growth potential. The company becomes mature in year three. The company is potentially profitable in year one if projected sales are met.

1.1 Mission

The mission of Kona Gold, LLC is to create a premium lifestyle brand with its product line. These products will be manufactured from the highest quality materials and superior craftsmanship. We will design and develop products that set the standard in their respective markets within the hemp industry.

Chart: Highlights



1.2 Keys to Success

The keys to success for Kona Gold, LLC are as follows:

1. Initial capitalization obtained.
2. All trademark applications filed.
3. The ability to generate early revenue from direct online sales.
4. Recruiting top-notch Sales Representatives.
5. Successful penetration into retail outlets.
6. Successful implementation of sales and marketing plan to U.S. energy drink market to obtain a minimum 4% market share in the third full year to generate $12.8 million in revenue.
7. Increased product development and continued market share gains to continue upward revenue growth.

1.3 Objectives

The principal objectives Kona Gold, LLC are as follows:

1. To achieve a 4% market penetration in the energy drink market by year three.
2. To achieve $12.8 million in revenue by year three.
3. To raise $500,000 in capital.

2.0 Company Summary



Kona Gold, LLC will develop and market energy drinks, energy shots, energy patches, and apparel through multiple distribution channels domestically. The company is currently selling energy drinks and shots via their website. They are also seeking to establish their corporate identity in the apparel and hydroponic products field. Growth strategy calls for the following objectives:

1. Continued product development.
2. Establish corporate identity, brand names, and trademarks.
3. Establish an advisory board.
4. Build staff, infrastructure, and retain consultants for trial and compliance issues.
5. Explore options for 2nd round financing (venture capital, corporate alliance, licensing, and public offering) to maximize value to shareholders.

2.1 Company Ownership

Kona Gold, LLC is a Delaware Limited Liability Company

Its founding shareholders are:

Robert Clark (30,000,000 shares)

2.2 Company Locations and Facilities

Kona Gold, LLC business offices/warehouse are at 1591 Savannah Hwy, Suite 201, Charleston, SC 29407. Their Phone is (844)714-2224. The offices/warehouse is leased month-to-month on a temporary basis. This business plan calls for the establishment of corporate offices and small-run manufacturing facilities. These facilities will be 5,000 sq. ft. initially expandable to 10,000 sq. ft.

3.0 Products

Kona Gold, LLC will initially market five distinct products.

1. Kona Gold 8.4oz energy drink
2. Kona Gold 2.0oz energy shot
3. Kona Gold energy patches
4. Kona Gold apparel (to include t-shirts and hats)
5. Kona Gold single plant hydroponic system

These five product areas may be more generally defined as follows:

1. **8.4oz energy drink – manufactured in cans**
   Kona Gold Energy Drink: Available in both regular and sugar-free, this great tasting energy drink will contain essential vitamins and ingredients that will give consumers the natural boost they are looking for.

2. **2.0oz energy shot – manufactured in small plastic containers**
   Kona Gold Energy Shots: Available in grape, berry, and orange, these great tasting energy shots will contain essential vitamins and ingredients like the energy drinks, but in a much smaller size, still providing that natural boost of energy consumers are looking for.

3. **Energy patches – small adhesive patches**
   Kona Gold Energy Patches: These self-adhesive small patches are a convenient way to maintain energy over a period of time. Once adhered to the body, the energy patch slowly provides essential vitamins and nutrients to the body provide and natural boost of energy.

4. **Apparel – men and women t-shirts and hats**
   Kona Gold Apparel: Only the finest textiles will be used in Kona Gold's apparel line, providing consumers with a premium fit and feel. Specialty inks and foils will be used on apparel products to compliment Kona Gold's branding and provide a premium look.

5. **Hydroponic Systems – single plant hydroponic systems**
   Kona Gold Hydroponic Systems: Assembled with the best components, the single plant hydroponic system can includes everything to successfully cultivate a single plant.

3.1 Product Description

A detailed description of Kona Gold, LLC's initial product line follows:

Energy Drinks

Kona Gold energy drinks are available in a 8.4oz can. Two varieties, regular and sugar-free, are available for consumptions. The cans consist of custom printing that reflect Kona Gold's branding and have a premium beverage appeal.

Energy Drink Ingredients: Filtered carbonated water, high fructose corn syrup, natural and artificial flavors, citric acid, sodium citrate, glucuronolactone, taurine, caffeine, potassium sorbate, sodium benzoate, sucralose, niacinamide, inositol, pantothenic acid, vitamin B6 (pyridoxine hydrochloride), vitamin B12 (cyanocobalamin).

Energy Drink Ingredients (Sugar-free): Filtered carbonated water, natural and artificial flavors, citric acid, sodium citrate, glucuronolactone, taurine, caffeine, potassium sorbate, sodium benzoate, sucralose, niacinamide, inositol, pantothenic acid, vitamin B6 (pyridoxine hydrochloride), vitamin B12 (cyanocobalamin).

Energy Drink Nutrition Facts:

- Calories 5
- Total Fat 0g
- Cholesterol 0mg
- Sodium 200mg
- Total Carbohydrate 28g
- Total Carbohydrate* 1g
- Sugars 27g
- Sugars* 0g
- Protein 0g
- Niacin 100%
- Vitamin B6 250%
- Vitamin B12 80%
- Pantothenic Acid 100%

*Sugar-free

Energy Shots

Kona Gold energy shots are available in 2oz plastic bottles. Three flavors, berry, grape and orange, are available for consumptions. The bottles consist of custom printing that reflect Kona Gold's branding and have a premium beverage appeal.

Energy Shot Ingredients: Filtered carbonated water, artificial flavor, potassium sorbate and sodium benzoate (to protect freshness), sucralose.

Energy Drink Nutrition Facts:

- Calories 0
- Niacin 20mg 100%
- Vitamin B6 2000%
- Folic Acid 400mcg 100%
- Vitamin B12 8333%
- Sodium 10mg <1%
- Energy Blend 2125mg
    - Taurine, Malic Acid, Caffeine, Glucuronolactone, N-Acetyl, L-Tyrosine, L-Phenylalanine
- Enzyme Blend 1mg
    - Amylase, Protease, Lipase, Cellulase, Lactase

3.2 Competitive Comparison

Red Bull continues to dominate as the energy drink leader with Monster experiencing huge growth in the last few years. Within the hemp energy market, Rocky Mountain High and Canna are the leaders. The energy drink market continues to grow even in light of the touch economy. Soda levels have been declining steadily over the same period, while energy drink sales have been booming.

Robert Clark, the founder of Kona Gold is aware of both its strengths and shortcomings of competing products. Kona Gold's energy products will be entering an already crowded market, but with their premium branding, their strategy is to capture an upscale market which will filter down. Many of the product advantages were highlighted in the previous section of this plan. To summarize the key advantages:

- Premium branding across all product lines
- Great tasting energy drinks and shots
- High quality apparel line
- Diverse product line in markets with continuous growth over the last several years
- Competitively priced products, but with premium branding.

Kona Gold's diverse product lines will enter the hemp market as a premium brand. Marketing efforts will be include celebrity figures that have a large outreach and social following. By positioning Kona Gold as a premium brand, all products will stand out in the growing hemp market.

3.3 Sales Literature

Initial Sales literature and line sheets for Kona Gold, LLC are being developed.

3.4 Sourcing

Kona Gold, LLC has partnered with multiple manufacturers in the United States and Korea to provide fulfillment of their products from the best, low cost sources.

These partners are integral to Kona Gold's success, providing the ability to scale as needed. Kona Gold will store all product in their warehouse located in Charleston, SC and Rockledge, FL.

3.5 Trademarks

Two trademarks, one for use of "kona gold" in the energy drink segment and use of "kona gold" in the clothing segment are in the process of being filed. No conflicts or other use of these names has been found in an initial search. Opinion of legal counsel is strong and firm that Kona Gold's trademark applications are enforceable and defensible.

Care has been taken to take into account all potential claims of Kona Gold products. All trademark application documents will be available for examination by potential investors.

3.6 Future Products

Plans for future product development by Kona Gold include expanding on the energy drink and apparel line and also to enter the skin and hair care market segments. These initiatives will be led by Robert Clark CEO for Kona Gold and an outside branding and product development firms yet to be determined. In addition, Kona Gold may seek to acquire products developed by others once it attains sufficient capitalization to do so. It is the objective of Kona Gold to both innovate and market its products. Once an industry reputation has been achieved and marketing channels opened expansion into other energy drink and apparel areas becomes potentially rewarding.

4.0 Market Analysis Summary

There are several key factors influencing discussion of Kona Gold's market growth. These factors include, but aren't limited to, the hemp industry growth, the change of laws surrounding marijuana, the energy drink, shot, and patch market growth, and apparel associated with the previously mentioned markets. In all cases, the trends are upwards in the favor of Kona Gold.

4.1 Market Segmentation

The potential customers of Kona Gold, LLC span across several markets. These markets include the energy drink, energy shot, energy patch, and apparel markets.

4.1.1 Hemp Industry

The Hemp Industries Association (HIA), a non-profit trade association consisting of hundreds of hemp businesses, has released final estimates of the size of the 2014 U.S. retail market for hemp products. Data from market research supports an estimate of total retail sales of hemp food and body care products in the United States at $200 million. Sales of popular hemp items like non-dairy milk, shelled seed, soaps and lotions have continued to skyrocket against the backdrop of the new hemp research provision in the Farm Bill, and increasing grassroots pressure to allow hemp to be grown domestically on a commercial scale once again for U.S. processors and manufacturers. The HIA has also reviewed sales of clothing, auto parts, building materials and various other products, and estimates the total retail value of hemp products sold in the U.S. in 2014 to be at least $620 million.

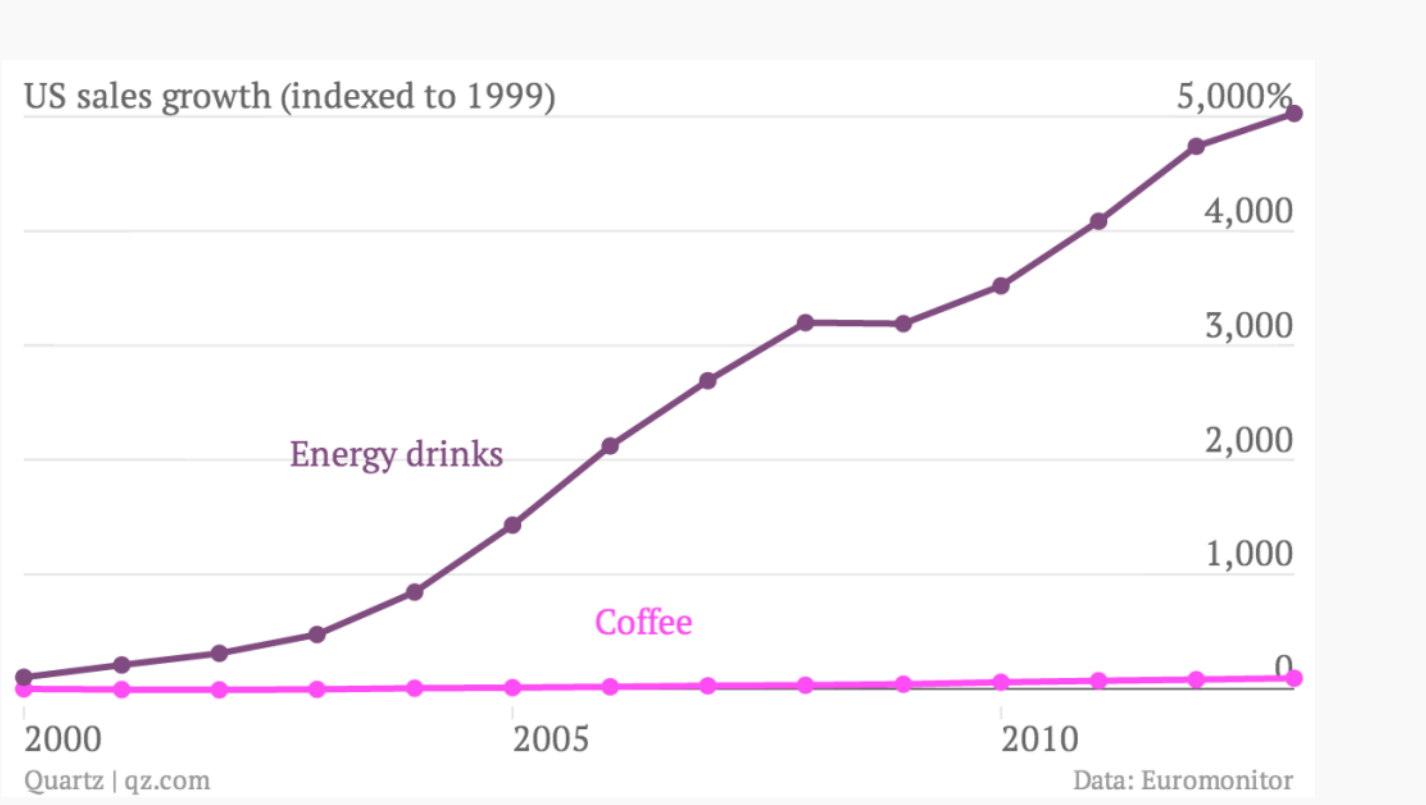
The sales data on hemp foods and body care, collected by market research firm SPINS, was obtained from natural and conventional retailers, excluding Whole Foods Market, Costco and certain other key establishments, who do not provide sales data — and thus it underestimates actual sales by a factor of at least two and a half. According to the SPINS data, combined U.S. hemp food and body care

sales grew in the sampled stores by 21.2% or $14,020,239, over the previous year ending December 31, 2014 to a total of just over $80,042,540. According to SPINS figures, sales in conventional retailers grew by 26.8% in 2014, while sales in natural retailers grew by 16.3%. Indeed, the combined growth of hemp retail sales in the U.S. continues steadily, as annual natural and conventional market percent growth has progressed from 7.3% (2011), to 16.5% (2012), to 24% (2013), to 21.2 in 2014.

4.1.2 Energy Drinks

A growing thirst for caffeinated "energy" drinks, which include the likes of Red Bull, Monster, and rockstar, has spurred a heart-thumping surge in sales. Globally, the energy drink industry has gone from a $3.8-billion business in 1999, to a $27.5-billion business last year, according to data from market research firm Euromonitor. That's a more than 620% jump.

But no one is crazier about the bubbly—and potentially dangerous—caffeine-packed cans than Americans. In the US, energy drink sales have grown by more than 5000% since 1999.



While the energy drink industry was much smaller circa 2000, it wasn't non-existent—the market raked in more than $350 million that year. Caffeinated sodas, like Jolt Cola, have existed for years. But the introduction of Red Bull in 1997, and the many other energy drinks that followed in its footsteps, have helped turn the industry from a big one into an enormous one.

The rise of Red Bull and Monster, which accounted for nearly 80% of US energy drink sales last year, is such that the energy drink category now legitimately rivals our old-fashioned caffeine delivery system—coffee. In 1999, coffee sales in the US outpaced energy drink sales by a factor of nearly 36

to 1. This past year, coffee sales came in at just above $12 billion in the US, while energy drink sales were just below $9 billion—a gap of less than 1.5 to 1.



It's not unreasonable to expect the two to eventually overlap. Over the next five years, energy drink sales are slated to continue growing at about twice the rate of coffee sales, according to Euromonitor. What's so cool about energy drinks? Well, obviously, they have caffeine—and plenty of it. Sometimes, they even have more than advertised. They have become staples at colleges, where under-slept students crave alertness. But they are also being heavily marketed as morning coffee alternatives, and are mixed with any number of alcohols at night. As Murray Carpenter notes in his book *Caffeinated*, there's plenty of precedent for the nightclub staple of Red Bull and vodka, or of convenience store canned drinks such as Four Loko, which originally contained roughly six beers and hefty amounts of caffeine and was banned in some US states. "Americans have had a long history of mixing alcohol and caffeine," Murray writes, citing coffee-flavored liquor such as Kahlua.

When it comes to drinks, consumers are looking for a bit more than deliciousness these days. "The question has become, 'what can a beverage do for you?' As opposed to merely, 'what does a beverage taste like?'" Jonas Feliciano, an industry analyst at Euromonitor told Quartz.

There's also the possibility that Americans are getting amped because it's seen as manly to down something that keeps the eyelids open a bit wider. "The macho image linked to energy drinks is a potential influence here," a report by market research firm Canadean noted earlier this year.
No matter the impetus, the success of the energy drink industry is undeniable. It has even inspired spinoffs and riffs. The energy shot market, which is dominated by 5-hour energy, is now an over-$1-billion business in the US in its own right. "Energy shots took off because of energy drinks," Chris Schmidt, a consumer health analyst at Euromonitor said. "If you're a white collar worker, you're not necessarily willing to down a big Monster energy drink, but you may drink an energy shot."

The industry is basically intent on reaching as many demographics as possible. Caffeine—or "energy," as it's more popularly branded—can now be found in everything
from gum to mints, water, jellybeans, and even bacon maple lollipops.

4.1.3 Apparel

In 2014, menswear grew by 4.5 percent reaching US$440 billion in sales compared to 3.7 percent in womenswear with US$662 billion. By 2019, menswear will contribute close to US$40 billion in the global apparel market, offering opportunities for category development. Men's shirts, jeans and jackets and coats are forecast to be the top performers between 2014-2019.

The following chart illustrates the approximate total number of these buying groups that exist. This data is clearly definable and available.

Chart: Market Analysis (Pie)

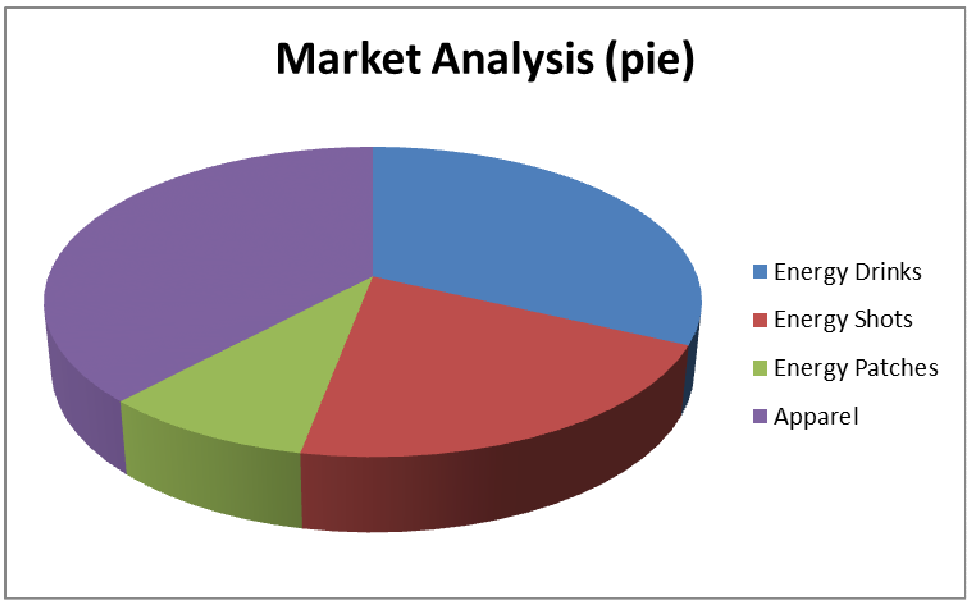


Table: Market Analysis

Market Analysis					
		2016	2017	2018	
Potential Customers	Growth				CAGR
Energy Drink Market	689%	25000	245000	975000	688.98%
Energy Shot Market	696%	16500	155000	700000	695.50%
Energy Patch Market	946%	6000	65000	525000	945.51%
Apparel Market	661%	12000	125000	350000	660.83%
Total	748%	20	155	540	747.71%

4.2 Industry Analysis

The hemp, energy drink, and apparel market segments in the United States have seen a rising trend in growth over the past 5 years. These markets are expected to see continual growth upward over the next 10 years.

4.2.1 Competition and Buying Patterns

Large companies with established brand names and distribution channels have a distinct advantage in the energy drink and apparel markets. But new small companies are succeeding on a regular basis dependent on their new product offerings and low overhead. The product must deliver on consumer senses in order to attract them away from current offerings.

Effective branding, quality, and great taste are the key economic parameters. Kona Gold will succeed in all markets based on these parameters. Kona Gold's products are already competitively priced. After initial market resistance to any new product, Kona Gold's products can grow to dominate several market segments.

4.2.2 Main Competitors

Competitors differ regarding Kona Gold's target markets. Within the Hemp market, current big competitors include Rocky Mountain High and Canna Energy drinks.

Within the energy drink segment, the big competitors are Monster Energy, Rockstar, and Red bull.

Apparel market competitors also include Monster Energy and Rockstar, but can also include brands from the surf/skate industries and hemp industry.

4.2.3 Distribution Patterns

Distribution patterns in the energy drink and apparel industries are such that the large buying groups dictate what products are used in their channels. Working with these large buying groups will open up large distribution channels that could potential supply Kona Gold product offerings in several market segments.

5.0 Strategy and Implementation Summary

Kona Gold LLC will pursue specific, definable, market segments with a multi-tiered, multi-channel approach. We will leverage our products with direct sales and distribution strategy in the other using established distributors.

We will look to online retail markets first with established distributors for initial revenue. Convenient stores, smoke shops, specialty stores, clothing retailers, and grocery store revenue will follow.

5.1 Marketing Strategy

Marketing will follow from industry and trade awareness campaigns to specific executions directed at specific customer segments. Successful sales hits in these segments will enable achievement of targeted forecasts. Kona Gold will achieve its initial sales goals from direct and distributed sales of energy products, apparel, and hydroponic systems. These products exist in a well-defined market.

5.1.1 Promotion Strategy

Public relations, industry media, will help in over-all industry awareness plans. Feature articles and product reviews will help launch awareness. Celebrity endorsement will play a role in promotion and contribute to product awareness.

Kona Gold has already worked closely with a design firm assist in developing and designing products.

5.1.2 Pricing Strategy

Pricing for Kona Gold energy, apparel, and hydroponic products will be competitive with leaders in each respective market segment. Gross margins will vary on market segments.

Industry standard discounts will be offered to distributors and retailers. Quantity discounts are not included but remain possible in negotiations with major buying groups.

5.2 Sales Strategy

Kona Gold's sales strategy is to push into the energy drink and apparel markets in 2016. We will fully exploit those markets in 2017 with the groundwork laid out in 2016. Tradeshows will play a big role in creating market awareness.

5.2.1 Sales Forecast

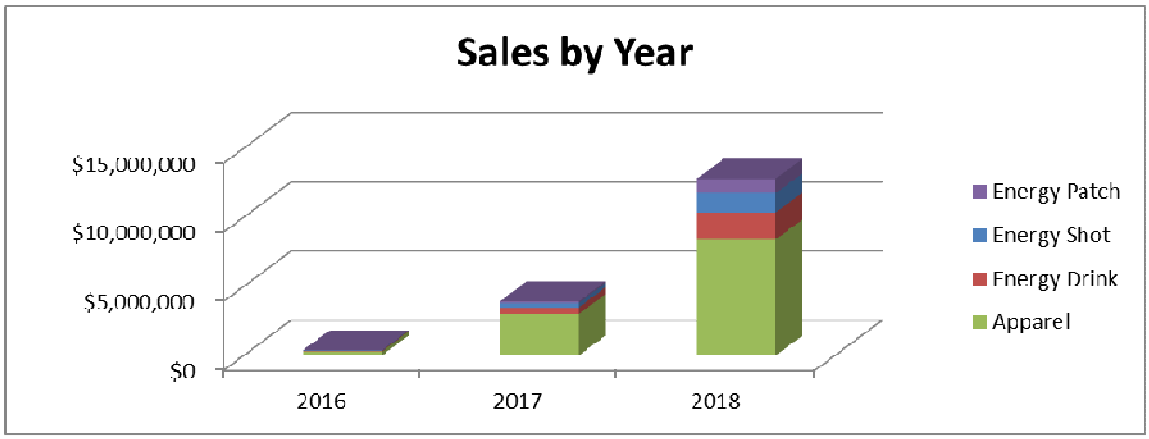
This sales forecast includes Kona Gold's energy drinks, shots, patches, and apparel. Product cost of direct sales is 43% while product cost through distributors is 73%.

In 2017, the company anticipates a sharp increase in sales from the marketing efforts put in place throughout 2016. 2018 sales will follow the same upward path trajectory.

Table: Sales Forecast

Sales Forecast	2016	2017	2018
Energy Drink	$50,000	$490,000	$1,950,000
Energy Shot	$33,000	$310,000	$1,400,000
Apparel	$288,000	$3,000,000	$8,400,000
Energy Patch	$12,000	$130,000	$1,050,000
Total Sales	$383,000	$3,930,000	$12,800,000

Chart: Sales by Year



5.2.2 Sales Programs

Sales programs include direct wholesale sales to national distributors and to end buyers. Sales materials and support materials will be produced.

Direct sales will be by personal contact, direct mail, public relations, and media directed at key industry segments.

In addition electronic marketing will be deployed whenever it fits with the buying patterns of a key group.

A website and electronic commerce site will be utilized to cultivate direct sales to key industry groups.

6.0 Management Summary

The founder of Kona Gold, LLC is Robert Clark. Robert will serve the company as CEO. His biography follows in the Management Team section.

Several key people are actively being sought. These are summarized in Management Team Gaps.

6.1 Organizational Structure

Robert will handle responsibility for R&D, design, compliance, and initial manufacturing and sourcing.

Reporting to Robert will be additional designers and sales and marketing managers. Some of these tasks can also be handled by outside consultants in the early going. The ramp-up of essential personnel and tasks are included in the Personnel Plan that follows.

6.2 Management Team

Robert Clark (38)

BS, Management Information Systems, University of Central Florida 2003

Robert Clark is the CEO and founder of Kona Gold, LLC. Mr. Clark drive's the company's vision, strategy, and growth and oversees product design and manufacturing. Kona Gold is positioning itself as a premium lifestyle brand in the fast growing hemp industry. Mr. Clark's goal is to lead all market segments in the hemp industry that Kona Gold enters.

Mr. Clark has held several leadership positions prior to founding and becoming CEO of Kona Gold. He earned a Bachelor's Degree in Business Administration and Management Information Systems and has over 12 years of experience in the product design field.

Prior to Kona Gold, Mr. Clark worked with regional and national companies to help establish branding and bringing new products to market.

Mr. Clark is an active member of the Hemp Industries Association.

6.3 Management Team Gaps

Robert Clark will help to identify and bring in a VP of Sales and Marketing.

Robert is actively searching for specialty design houses. Several have been identified and are available.

6.4 Personnel Plan

The Personnel Plan chronicles the growth of the organization in the first three years. The third year could require a few additional people besides those indicated especially if sales reach or exceed $12.8 million. Production assembly people are grouped together at approx. $15k per person. Payroll costs and benefits are pegged at 24%.

Table: Personnel

Personnel Plan			
	2016	2017	2018
Production Personnel			
Assembly Workers	$0	$30,000	$50,000
Subtotal	0	$30,000	$50,000
Sales and Marketing Personnel			
VP Sales and Marketing	$0	$40,000	$50,000
Marketing/Product Mgr.	$0	$0	$0,000
Sales Reps (3)	$0	$0	$0,000
Subtotal	$0	$40,000	$50,000
General and Administrative Personnel			
CEO	$60,000	$70,000	$100,000
President	$0	$0	$0
Administrative Staff (1)	$0	$0	$0
Subtotal	$60,000	$70,000	$100,000
Total People	1	4	5
Total Payroll	$60,000	$140,000	$200,000

7.0 Financial Plan

The value of the trademarks and the size of the potential markets enable several back-up plans of action if this plan doesn't work as indicated. Venture funds are available early on and historically investments of $200,000 to $500,000 are common for similar companies.

Even after successfully completing the start and seed stage as indicated, a second round of funding is potentially available in the $1 million range. We have planned for additional capital input in years two and three as a safety net for cash flow/cash balance.

However, cash flow achievement within the parameters of the indicated plan plus further funding on the senior debt side will lead to the best value for shareholders. Then, strategy can dictate the best valuation for ramp-up and roll-out.

7.1 Key Financial Indicators

All of our benchmarks being attained will allow expansion strategies of merger, acquisition, or roll-up.

7.2 Break-even Analysis

Kona Gold, LLC has calculated a break-even maintenance point for sales in year one once full management staffing and facility costs are reached. Included are payroll and rent considerations.

The break-even target can sustain Kona Gold, LLC's operation in late 2016 and throughout 2017 even if expansion and capitalization plans are late in materializing. It is anticipated that direct sales can produce these numbers and more in the wholesale markets.

The break-even analysis is restricted to this late 2016 and early 2017 time frame since the early ramp-up phase in business development is characteristic of most cash-flow shortages that represent exposure to early stage investors.

7.3 Projected Profit and Loss

The profit in year one of operation is expected to be minimal. However, by year two, the company expects to surpass the $1 million mark. The third year profit reflects the performance of a mature company. Over-all gross margins are excellent.

Chart: Gross Margin Yearly

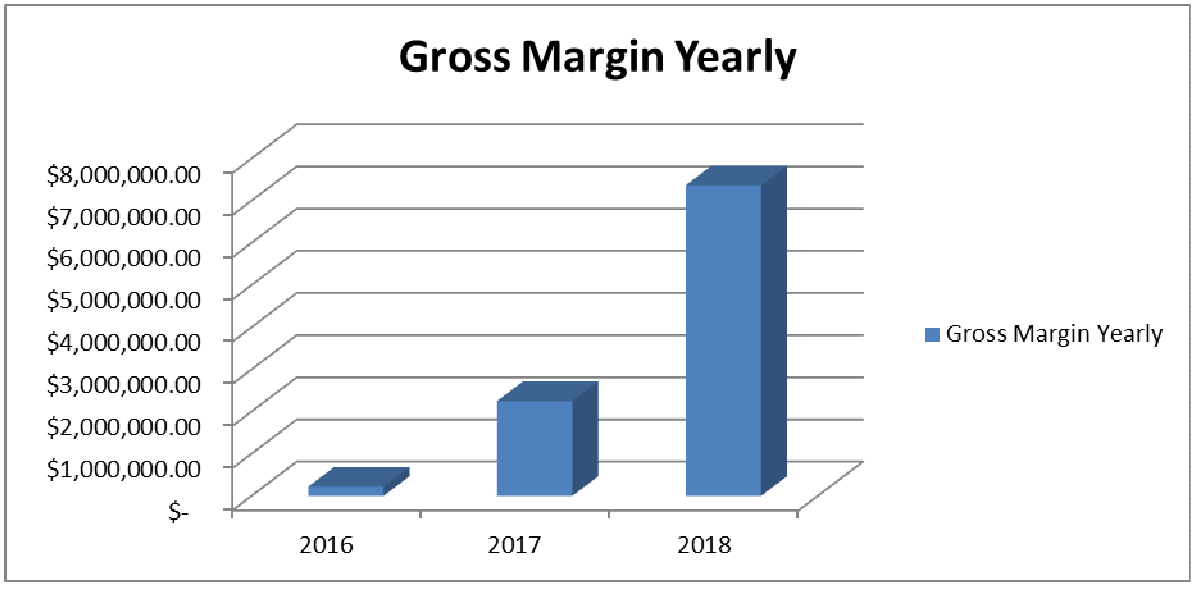
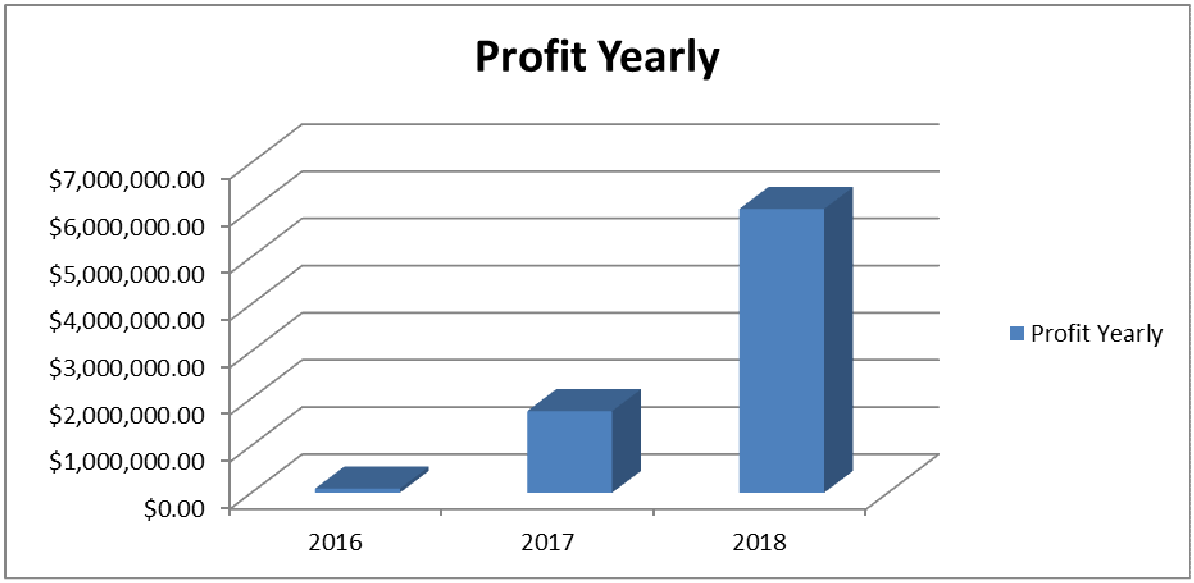


Table: Profit and Loss

Income and Expense - Profit and Loss $			
	2016	2017	2018
Business Revenue	$383,000.00	$3,930,000.00	$12,800,000.00
COGS	$164,500.00	$1,682,500.00	$5,437,500.00
Gross Profit	$218,500.00	$2,247,500.00	$7,362,500.00
Net Profit	$88,221.66	$1,732,058.64	$6,018,608.64
Advertising and Promotion	2500	5000	8000
Bank Service Charges	144	144	144
Google Apps Monthly Fee	300	300	300
Legal Expense	500	500	500
Meals and Entertainment	125.86	500	500
Merchant Services Fee	660	660	660
Office Supplies	250	250	250
Personnel	60000	140000	200000
Design and Development	20000	10000	5000
Rent Expense	6780	6780	6780
Shipping Supplies	800	3000	12000
Tradeshows	10000	25000	25000
Travel Expense	10000	15000	20000
Utilities	600	600	600
Website Development	2000	2000	2000
Website Hosting	49.95	49.95	49.95
EBITDA	103790.19	2037716.05	7080716.05
Operating Expenses	114709.81	209783.95	281783.95
Operating Income	103790.19	2037716.05	7080716.05
Interest Income	0	0	0
Interest Expense	0	0	0
Pre-Tax Net Profit	$103,790.19	$2,037,716.05	$7,080,716.05
Income Tax	$15,568.53	$305,657.41	$1,062,107.41
After Tax Net Profit	$88,221.66	$1,732,058.64	$6,018,608.64

Chart: Profit Yearly



7.4 Projected Cash Flow

We began the year with $115,000 in cash from investors. This provided our start-up capital. We are targeting an additional equity investment in the form of Private Placement Memorandums.

If sales and profits hit targets then further investment needs will be limited to higher value options to roll-up a national level company.