



**Source:** Koios Beverage Corp.

May 21, 2020 07:30 ET

## **Koios Announces Record Online Sales for March and April 2020, Planned Near-Term Business Developments**

*Despite dramatic macro-level economic downturns in reaction to the COVID-19 pandemic, Koios has experienced growth in online sales of its beverage and supplement products from its growing base of direct-to-consumer clients.*

*To date, 50% of purchases from Koios' online store are from repeat customers, with an average purchase of US \$99.88, and an exceptionally low rate of product returns amounting to less than 1% of gross sales. Koios' online store has also been recognized by Shopify for having one of the best traffic conversion rates in the entire Health & Beauty category. The Company believes that by further developing its proprietary approach to e-commerce it will be able to strengthen its relationships with its audience, which can be mutually beneficial to both Koios and its customers. To further enhance customer relationships and brand value, Koios plans to launch new product lines, publish a series of interactive healthy lifestyle videos, and implement key revisions to the Koios online shopping experience.*

DENVER, May 21, 2020 (GLOBE NEWSWIRE) -- **Koios Beverage Corp. (CSE: KBEV; OTC: KBEVF) (the "Company" or "Koios")** proudly provides an update to its shareholders regarding the Company's performance during the ongoing COVID-19 pandemic, in addition to providing an update on business developments planned in the near-term building upon Koios' thriving direct-to-consumer sales volume. On March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic, which sparked a nearly unprecedented shift in the behaviour of humans worldwide, in addition to a rapid economic decline. In the first quarter of 2020, the Dow Jones and FTSE indices saw the most significant quarterly drops since 1987, and unemployment claims in the United States reached a record high<sup>1</sup>. To stay adaptable to market shifts such as these, Koios has always made its proprietary e-commerce capabilities and strategies the backbone of its enterprise as efficient and profitable methods of driving sales of its products. The Company's revenues, which remain largely unaffected by the COVID-19 pandemic, reflect both the performance of these e-commerce capabilities and strategies, as well as the sustained popularity of Koios' product lines with its customers and target audience. The Company's online revenues for the months of March 2020 and April 2020 were among the highest in Koios' history, which likely compensated for any retail revenue that may have been lost as a result of the pandemic.

From its early stages, Koios and its management team have developed an e-commerce playbook that is tailored to the nuances of beverage and fitness products. For instance, sales funnels and advertisement campaign models have been tested to optimize conversions and ROAS ("Return on Advertising Spend") to exceptional levels. To date, Koios has consistently realized an ROAS in excess of 200% from its online advertising expenditures. Further, Koios' order fulfillment workflows have been created to mitigate the shipping cost of beverage products (which is generally higher than other product categories due to weight) in order to maintain healthy profit margins.

Since its inception, Koios has sought to remain a “boutique” brand of functional beverage and supplement products regardless of the magnitude to which it may scale. By organically cultivating and maintaining a highly-engaged audience through targeted digital channels, the demonstrated strong interest in and high satisfaction with Koios’ products gained the confidence of national retail chain operators GNC Holdings Inc. (“GNC”) and Walmart Inc. (“Walmart”) to carry the Company’s products in some of their stores. While Koios’ product lines are now carried in more than 4,400 retail locations across the United States and are represented by multiple leading distributor firms, the Company has continued to build direct relationships with customers. As of the publication of this press release, Koios’ customer base consists of nearly 70,000 users. Notable statistics and achievements regarding recent activity on Koios’ online store from its customer base include the following:

- More than 50% of purchases are from repeat customers
- Average order subtotal is US \$99.88
- Visitors convert to purchasers at a rate of 6.11%, nearly double the average traffic conversion rate in the *Health & Beauty* category per Shopify;
- Koios’ online store conversion rate is recognized by Shopify as one of the best conversion rates in the *Health & Beauty* category
- Subscriptions to recurring product delivery services increased by nearly 2,900% in the past 60 days
- Products are returned at an exceptionally low rate, amounting to less than 1% of gross sales

In the near future, Koios plans to continue investing in its infrastructure as it builds out both its distribution footprint and its product offerings. The Company intends to recruit leading talent in the technology sector to lead further development of its e-commerce and digital media presence to better reach and serve existing and new audience members. The following is a provisional overview of the Company’s planned developments set to materialize in 2020:

- Launch of the *Creativity* and *Beauty* blends of KOIOS™ brand specialty ground coffees, as announced in the Company’s February 26, 2020 press release
- Other products that are in development and yet to be announced are set to be launched shortly following the release of the coffee products
- Enhanced product subscription models will be introduced to provide greater value to customers who regularly use the Company’s products
- An interactive healthy living video curricula will be released to align with Koios’ product offerings
- A revised sales funnel will be implemented to improve the e-commerce experience on Koios’ online store

The Company’s collective efforts to strengthen and enrich the direct-to-customer sales experience through new products, improved e-commerce and distribution, and proprietary interactive healthy living media are part of Koios’ objective to remain a “boutique” brand that offers an engaging and high-value experience through direct relationships with its customers. As Koios undertakes these efforts which complement the in-store presence of its products, it is ensuring that a significant portion of its revenues are derived from direct-to-consumer sales. In addition to greater insight and higher profit margins through this sales channel, Koios will also benefit from relying to a lesser degree on third-party retailer and e-commerce partners. This will enable Koios to be more selective in choosing its partners, allowing for preferable partnership terms that provide robust value and help to accelerate growth of the Koios brand.

Existing relationships with third-party retailer and e-commerce partners continue to yield positive results, with increased volume on Amazon.com as well as with Walmart, both in-store and on its Walmart.com online shopping portal which is now carrying all of Koios’ beverage products. To allow for increased focus on its relationships with top partners such as Amazon.com and Walmart, the Company is choosing to strategically phase out select partners. One of the partners to be phased out is GNC, based in part on a prediction from GNC’s Chief Executive Officer that as many as 900 of its 5,900 stores in the US will be closed by the end of 2020, citing negative trends in traffic<sup>2</sup>. Additionally, GNC announced on May 11, 2020 that it could be facing bankruptcy<sup>3</sup>.

The Company’s relationship with Walmart can be especially instrumental to Koios’ near-term performance. On Tuesday, Walmart reported<sup>4</sup> stronger-than-expected earnings for the first quarter of 2020 which included a sharp increase of 74% in US e-commerce sales, and a 16.5% increase in average ticket size. Since March 19, 2020, 235,000 associates have been added to Walmart’s stores, clubs, and distribution centres. It is believed that this growth can be attributed to changes in consumer behaviour resulting from the COVID-19 pandemic. Accordingly, the presence of Koios’ products in Walmart’s distribution channels stands to benefit from Walmart’s resilience to otherwise negative economic conditions.

Koios CEO Chris Miller commented, “In the past two months, the world has seen tremendous unexpected shifts both socially and economically as a result of the COVID-19 pandemic. We have certainly had to make adjustments in our day-to-day operations; however we are most pleased to be seeing results from our online sales that indicate demand for our products has been among the highest in our history as of recent, resisting the generally downward economic

trends. To capitalize on this, we are currently placing an emphasis on providing even better value to our direct-to-consumer audience by making key improvements. Between updates to our online store, publishing interactive healthy living videos, and launching new products that complement our current offerings, our goal is to add new dimensions to the Koios experience. We anticipate our customers will benefit significantly, as they will be able to realize greater value from our current products as well as new releases. This will also benefit Koios and its shareholders, as there are several business advantages to selling directly to consumers. Aside from higher profit margins and reduced dependency on third parties, we are able to benefit from the rich insights that come from working directly with our customers, which helps us to refine our products and brand experience so that we as a brand can evolve right along with our customers' tastes and lifestyles."

#### References:

- 1 - <https://www.bbc.com/news/business-51706225>
- 2 - <https://www.forbes.com/sites/rachelsandler/2019/07/23/gnc-to-close-up-to-900-stores-and-cut-shopping-mall-presence-in-half/#76db2dcc29c9>
- 3 - <https://news.bloomberglaw.com/bankruptcy-law/gnc-faces-bankruptcy-if-it-cant-renegotiate-debt-by-end-of-week>
- 4 - <https://finance.yahoo.com/news/walmart-q1-earnings-covid-19-111010251.html>

On behalf of the Board of Directors of the Company,

#### **KOIOS BEVERAGE CORP.**

"Chris Miller"

Chris Miller, CEO, and Director

#### **About Koios Beverage Corp.**

The Company is an emerging functional beverage company which has an available distribution network of more than 4,400 retail locations across the United States in which to sell its products. Koios has relationships with some of the largest and most reputable distributors in the United States, including Europa Sports, Muscle Foods USA, KeHE, and Wishing-U-Well. Koios uses a proprietary blend of nootropics and natural organic compounds to enhance human productivity without using harmful chemicals or stimulants. Koios products have been shown to enhance focus, concentration, mental capacity, memory retention, cognitive function, alertness, brain capacity and create all day mental clarity. Its ingredients are specifically designed to target brain function by increasing blood flow, oxygen levels and neural connections in the brain.

Koios produces one of the only drinks in the world infused with MCT oil. MCT oil is derived from coconuts and has been shown to help the body burn fat more effectively, create lasting energy from a natural food source, produce ketones in the brain, allowing for greater brain function and clarity, support healthy hormone production and improve immunity. For more information, please visit our website: <https://www.koiosbeveragecorp.com>.

#### **Forward-Looking Statements**

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking information and information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information in this news release includes statements regarding: The Company's continued performance during and after the COVID-19 pandemic, possible outcomes from the Company's current efforts to emphasize direct-to-consumer sales, possible outcomes from release of new products and changes to its online presence. The forward-looking information reflects management's current expectations based on information currently available and are subject to a number of risks and uncertainties that may cause outcomes to differ materially from those discussed in the forward-looking information. Although the Company believes that the assumptions and factors used in preparing the forward-looking information are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. Factors that could cause actual results or events to differ materially from current expectations include: (i) adverse market conditions; (ii) changes to the growth and size of the functional beverage markets; and (iii) other factors beyond the control of the Company. The Company operates in a rapidly evolving environment. New risk factors emerge from time to time, and it is impossible for the Company's management to predict all risk factors, nor can the Company assess the impact of all factors on Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking information. The forward-looking information included in this news release are made as of the

date of this news release and the Company expressly disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law.

The statements in this news release have not been evaluated by Health Canada or the U.S. Food and Drug Administration. As each individual is different, the benefits, if any, of taking the Company's products will vary from person to person. No claims or guarantees can be made as to the effects of the Company's products on an individual's health and well-being. The Company's products are not intended to diagnose, treat, cure, or prevent any disease.

This news release may contain trademarked names of third-party entities (or their respective offerings with trademarked names) typically in reference to (i) relationships had by Koios with such third-party entities as referred to in this release and/or (ii) client/vendor/service provider parties whose relationship with Koios is/are referred to in this release. All rights to such trademarks are reserved by their respective owners or licensees.

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