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“Can-Do Attitude”: Koios Subsidiary Launches Canning Facility for Enhanced Development and Manufacturing Workflows, as Well as Co-Packing Opportunities

Through its new subsidiary Bevcreation, the Company has added in-house production resources for canning its KOIOS™ and Fit Soda™ functional beverage products, in addition to beverages of third-party firms on a contract basis. With approximately 60% of its production capacity booked through early 2022, first-year revenues of Bevcreation’s canning facility in the Denver, CO area are expected to amount to more than gross USD \$1,000,000. In addition to opportunities to improve profitability, product quality, and supply chain efficiency, the Company intends to utilize the Bevcreation canning facility to create experimental beverage products, to potentially include canned alcoholic beverages (subject to regulatory authorization). Given substantial recent growth of “hard seltzer” beverages, the Company is contemplating the development of a Fit Soda™ variant infused with grain liquor.

DENVER and VANCOUVER, British Columbia, Feb. 18, 2021 (GLOBE NEWSWIRE) -- **Koios Beverage Corp. (CSE: KBEV; OTC: KBEVF) (the "Company" or "Koios")** is pleased to announce that it has partnered with Beauty Gourmet LLC, a women’s functional beverage company, to form a subsidiary named Bevcreation LLC (“Bevcreation”), which currently operates a commercial-scale beverage canning facility in the Denver, Colorado area. In addition to packaging the Company’s KOIOS™ nootropic beverages and Fit Soda™ functional beverages, the Bevcreation canning facility also presently undertakes contract production work for other functional

beverage brands. This practice, which is known as “contract packaging” or “co-packing”, is a common strategy for consumer packaged goods (“CPG”) firms to maximize use of their respective infrastructures for manufacturing. Based on current bandwidth, the Bevcreation canning facility’s production slots are approximately 60% booked until at least early 2022. After the Bevcreation canning facility began operations in early February 2021, gross revenue from confirmed orders amounts to an average of more than USD \$80,000 per calendar month. As a result, the Company expects that the canning facility operated by its subsidiary Bevcreation will earn more than USD \$1,000,000 in gross revenues in its first year of operation.

Since Q4 2020, the Company has announced several distribution-related developments with regard to *KOIOS*[™] and *Fit Soda*[™] beverages. With the recent addition of over 200 convenience store placements in Colorado and over 100 HEB supermarket locations throughout Texas, Koios’ beverage products have added a considerable market presence, with more than 4,000 current retail points of sale. In addition to sustained growth in the convenience channel, sell-through of the Company’s beverage products has grown since Q4 2020 with distributors to include KeHE Distributors, LLC (re-engagement announced in a [May 26, 2020 press release](#)) and Bill’s Distributing, Ltd (engagement announced in a [February 25, 2020 press release](#)). Online sales through Walmart as well as Amazon are also at all-time highs, which do not appear to have displaced performance of the Company’s products in retail channels.

With continued demand for the Company’s beverage products, the formation of Bevcreation is a strategic decision which could improve the Company’s supply chain efficiency, product quality, and profitability. With a greater degree of control over how its products are made, the Company can adapt to an “agile” manufacturing model in which production can be adjusted in direct response to demand from distributors, retailers, and customers. Improved visibility into each step of the production line enables the Company to closely monitor for consistency and overall product quality. Additionally, the ability to manufacture *KOIOS*[™] and *Fit Soda*[™] on an “at cost” basis could allow for more desirable gross margins. Moreover, the Company intends to use the Bevcreation canning facility to produce experimental new beverage products, both within the Koios family of canned beverages, as well as for clients for whom Bevcreation carries out contract manufacturing. Subject to regulatory authorization, experimental products could include carbonated alcoholic beverages such as a “hard seltzer” variant of *Fit Soda*[™], a beverage category for which consumption is expected to triple between mid-2020 and 2023¹.

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/95e26fff-1aa4-4721-ba56-6333e7a32515>

Cans of Fit Soda[™] in its Orange Cream flavour being manufactured in the canning facility operated by Bevcreation, a subsidiary of the Company which is also based in the Denver, CO area

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By forming Bevcreation, the Company could also benefit from the ability to diversify its revenues. If Bevcreation maintains demand for its canning services, which is currently at approximately 60% of its capacity until at least early 2022, Koios’ cashflows will stand to be less dependent upon market performance of its own beverage products. Additionally, by developing efficient manufacturing workflows through the operation of Bevcreation’s canning facility, the Company will be favourably positioned to potentially scale its production pipeline as a business unit which complements its proprietary offerings of beverage and nutrition products.

Koios Chief Executive Officer Chris Miller commented, “As we work towards expanding our market share in the functional beverage space, we have come to recognize that even with winning product

formulations and well-liked brands such as *KOIOS*™ and *Fit Soda*™, it is a smart play for us to own a portion of our production line in order to be competitive. Although we have been successful to date using third-party manufacturers, we are now at a point where it makes sense for us to operate our own production facility in the Denver, CO area. Not only does this enrich our overall scope of capabilities, it also gives us the opportunity to deliver better product to our customer base while potentially reducing net costs. Co-packing is a standard practice among major beverage manufacturers, and by aligning our practices with theirs we believe Koios is now even better equipped to gain a strong market position in the functional beverages segment, as well as in the CPG industry.”

Sources

1 - <https://www.usatoday.com/story/life/2020/09/03/future-of-hard-seltzers-more-flavors-more-brands-more-for-consumers-to-love/3245005001/>

On behalf of the Board of Directors of the Company,

KOIOS BEVERAGE CORP.

“Chris Miller”

Chris Miller, CEO, and Director

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THE CANADIAN SECURITIES EXCHANGE (CSE) HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS RELEASE.

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: Potential outcomes from the Company's added manufacturing capacity through its Bevcreation subsidiary for both Koios beverage products and beverage products of third-party firms, gross revenue realized from co-packing agreements with third party functional beverage brands, the Company's ability to reduce gross product margins and the functional beverage market . 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.

Attachments:



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