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Kush Bottles Reports Second Quarter Fiscal 2017 Results

Revenues increased 65% to \$3 million; Gross Margins increased to 35.6%

SANTA ANA, Calif., April 12, 2017 /PRNewswire/ -- Kush Bottles, Inc. (OTCQB: KSHB), a provider of packaging, supplies, accessories and branding solutions for the regulated cannabis industry, reported financial results for its second fiscal quarter ended February 28, 2017.

Second Quarter Fiscal 2017 Financial Summary

- Revenue was up 65% Year-over-Year to \$3.0 million;
- Gross margins increased 240 basis points Year-over-Year to 35.6%;
- Net income, including \$0.15 million in non-cash stock compensation, \$43,000 in depreciation and \$0.9 million in SG&A, was \$3,619 compared to net income of \$8,618 in 2Q 2016;
- Record cash balance of \$2.8 million compared to \$1.0 million at August 31, 2016;
- Working capital up significantly to a record \$4.6 million compared to \$2.03 million at August 31, 2016

Executive Commentary

"We reported another quarter of record revenues, which were up 65% year-over-year and 20% sequentially," commented Nick Kovacevich, co-founder and CEO of Kush Bottles. "These results were driven by increased traction in sales of custom packaging and newly introduced products. Sales also benefitted from stronger e-commerce activity, which increased our market penetration across the U.S. and Canada and enabled us to grow market share."

Mr. Kovacevich continued, "During the second fiscal quarter we also continued to build out the Company's infrastructure to support long term sustainable growth in the business. This included strengthening our Board of Directors with the appointment of Eric Baum and naming Edd Pratt as Vice President of Operations to improve operational efficiencies as we scale our business. We also made improvements to our supply chain, including increasing production volumes in the U.S. which led to decreased freight costs and improved margins."

"We are very excited to enter the second half of the year with a significant cash balance and virtually no debt. In a rapidly growing industry challenged by a lack of access to capital, Kush Bottles is in a prime position to invest in growth both organically or through acquisitions."

For more information on Kush Bottles, Inc., call: 888-920-5874, or visit:

www.kushbottles.com.

To be added to the distribution list, please email ir@kushbottles.com with "Kush" in the subject line.

About Kush Bottles

Kush Bottles, Inc. (OTCQB: KSHB) provides packaging products and solutions to producers, processors and retailers operating in the regulated medical and recreational cannabis industry. Founded in 2010, Kush Bottles has sold more than 100 million bottles and regularly services more than 3,000 customers across the United States and Canada. The company primarily services the business-to-business market, which includes legally operated medical and adult-use dispensaries, growers and marijuana-infused product (MIP) manufacturers. Kush Bottles aims to be the gold standard for responsible branding and packaging in the cannabis industry.

Kush Bottles has no direct involvement with cannabis plants or extracts.

The company has been featured in media nationwide, including [CNBC](#), [Los Angeles Times](#), [TheStreet.com](#), [Entrepreneur](#), and [Inc. Magazine](#). For more information, visit www.kushbottles.com or call (888)-920-5874.

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Forward Looking Statement

This press release may include predictions, estimates or other information that might be considered forward-looking within the meaning of applicable securities laws. While these forward-looking statements represent our current judgments, they are subject to risks and uncertainties that could cause actual results to differ materially. You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this release. Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. When used herein, words such as: "potential," "look forward," "believe," "dedicated," "building," or variations of such words and similar expressions are intended to identify forward-looking statements. Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are often discussed in filings we make with the United States Securities and Exchange Commission (SEC), available at: www.sec.gov, and on our website, at: www.kushbottles.com.

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