



OTCQX: KSHB

Third Fiscal Quarter 2019 Supplemental Earnings
July 9, 2019

Q3 FY19 FINANCIAL HIGHLIGHTS

- Record breaking quarter of **\$41.5MM** in revenue, up **221% YoY**
- Gross margins improved **~500 bps QoQ** on a GAAP basis
- California revenue up **235% YoY**
- Massachusetts revenue up **784% YoY** and **85% QoQ**
- Energy and Natural Products now **10%** of revenue
- Over last twelve months we've had **30** customers spend more than **\$500K**
- Customers spending more than **\$1MM** over the last twelve months purchased an average of **70 SKUs**
- All of the QoQ revenue growth in FY19 Q3 was **organic**
- Robust **35% QoQ** growth in our medical markets driven primarily from new business in Florida

REVENUE BREAKOUT BY REC STATE, OTHER US, CANADA, AND OTHER

Geography	2019 Q3 Revenue	Q3 2019 over Q3 2018 Growth	% 2019 Q3 Revenue	Q3 2019 over Q2 2019 Growth	2019 Q2 Revenue
CA	\$21,064,883	235%	\$6,288,203	1%	\$20,774,137
WA	\$3,205,335	60%	\$2,008,972	27%	\$2,531,570
OR	\$2,948,356	169%	\$1,096,369	26%	\$2,334,822
CO	\$2,597,432	231%	\$784,242	46%	\$1,780,107
NV	\$2,122,048	201%	\$703,850	46%	\$1,452,959
MA	\$1,804,323	784%	\$204,129	85%	\$977,896
AK	\$1,185,911	254%	\$335,079	164%	\$449,622
ME	\$439,408	261%	\$121,864	28%	\$343,098
MI	\$123,372	-9%	\$135,002	-5%	\$129,830
Rec States Total	\$35,491,068	204%	\$11,677,710	15%	\$30,774,041
Other Medical States	\$5,258,267	436%	\$980,220	35%	\$3,907,009
Other Countries	\$102,725	246%	\$29,647	-49%	\$201,518
Canada	\$634,191	192%	\$217,030	116%	\$293,766
Grand Total	\$41,486,250	221%	\$12,904,609	18%	\$35,176,333

	Q3 over Q2 Growth	Year over Year Quarterly Growth
Recreational State Totals	17%	209%
Total Revenue	18%	221%

REVENUE BY 4 CATEGORIES QoQ & YoY

Item Class	2019 Q3 Revenue	% of Revenue	Q3 over Q3 Growth	2018 Q3 Revenue	Q3 over Q2 Growth	2019 Q2 Revenue
Packaging and Labeling	\$6,897,219	17%	49%	\$4,638,225	19%	\$5,819,437
Vape	\$29,442,916	71%	318%	\$7,041,033	20%	\$24,493,954
Energy and Natural Products	\$4,307,957	10%	815%	\$470,964	9%	\$3,968,217
Papers & Supplies	\$838,157	2%	11%	\$754,386	-6%	\$894,725
Grand Total	\$41,486,250	100%	221%	\$12,904,609	18%	\$35,176,333

SKU CROSS-SELL PROGRESSION (TTM)

Customer Value	# of customers	Q3 Avg Rev	Q3 Avg SKUs	Change from Q2 (customers)	Change from Q2 (SKUs)
\$ 10-49k	669	\$22,183	13	+8	0
\$ 50-99k	120	\$70,148	21	+1	+1
\$ 100-249k	85	\$160,871	28	+15	+4
\$ 250-499k	39	\$363,192	36	+3	+6
\$ 500- 999k	15	\$736,125	60	+5	0
\$ 1000k+	15	\$3,625,837	70	+5	0

Customer Size	FY2016	FY2017	FY2018	Last 4 Quarters
\$50-99k	6	29	88	101
\$100k - \$249k	5	13	51	80
\$250k - \$499k	2	7	18	35
\$500k - \$999k	0	5	10	15
\$1000k+	0	0	4	12