FQ2 2021 Supplemental Earnings Slides

April 8, 2021

KUSHCOHOLDINGS™

OTCQX: KSHB

IMPORTANT CAUTIONS REGARDING FORWARD LOOKING STATEMENTS

This presentation includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of KushCo Holdings’ management and are subject to significant risks and uncertainties. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements. Risks and uncertainties include but are not limited to general industry conditions, competition, and general economic factors, including interest rate and currency exchange rate fluctuations. KushCo Holdings undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise, except as otherwise required by law. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in KushCo Holdings’ filings with the Securities and Exchange Commission (SEC) available at the SEC’s website (www.sec.gov). The information contained in this presentation is current as of the date presented. The company assumes no duty to update the information to reflect subsequent developments. Consequently, investors should not rely upon the information as current or accurate after the presentation date.

AGENDA

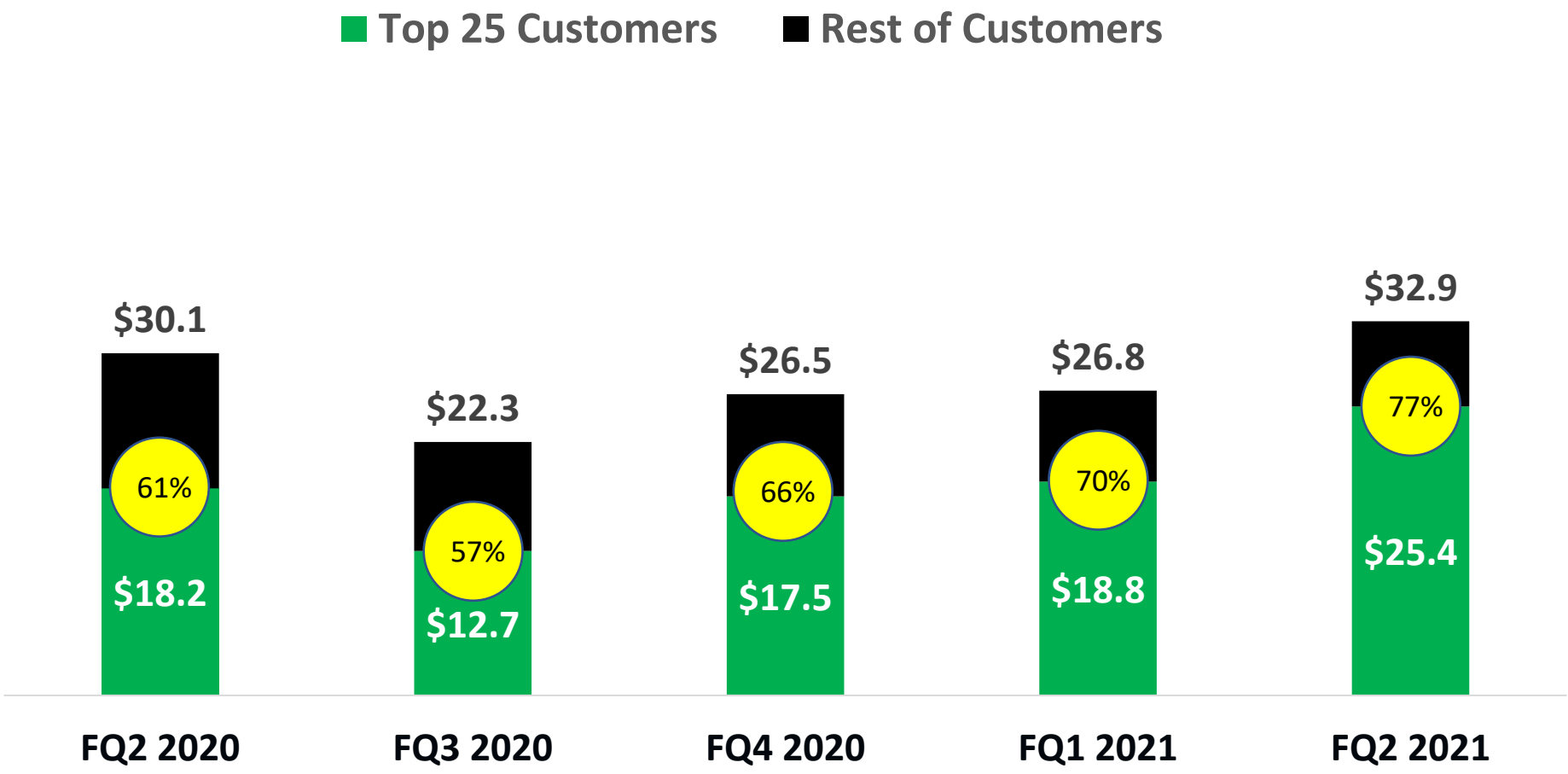
1. FQ2 2021 Highlights
2. FQ2 2021 Financial Summary
3. Q&A Session

FQ2 2021 Highlights

FQ2 2021 FINANCIAL HIGHLIGHTS

- **Net Revenue of $32.9 Million**
  - ✚ Represents growth of 23% compared to FQ1 2021, due to an increase in sales to MSO and LP customers
    - 77% of revenue driven by top 25 customers
  - ✚ Secured a long-term supply contract with another leading operator **(5 supply contracts total)**
  - ✚ Nearly 40 stainless steel tank energy contracts executed as of April 8, 2021 (up from 20+ executed in early Jan. 2021)
- **GAAP Gross Margins of 20% and Non-GAAP Gross Margins of 23%**
  - ✚ Shipping-related delays at U.S. ports continued to increase freight costs, putting pressure on gross margins (currently seeing delays slowly clear up)
- **Cash SG&A of $8.4 million**
  - ✚ Professional fees and costs related to new CA warehouse drove sequential increase in cash SG&A
- **Adjusted EBITDA of ($0.7) Million**
  - ✚ Lower gross margins and increased cash SG&A drove a sequential reduction in cash SG&A

REVENUE BY CUSTOMER GROUP



Note: The figures in yellow dots represent the percentage of the quarter's total revenue that is represented by the Top 25 customers by revenue.

Revenue in millions.

REVENUE BREAKOUT BY LOCATION

Geography	Q2 2021 Revenue	% Q2 2021 Revenue	QoQ Growth
CA	$3.7	11.4%	7.2%
IL	$3.3	10.0%	159.5%
MA	$2.4	7.3%	55.2%
MI	$2.0	6.2%	-10.2%
WA	$1.7	5.2%	44.0%
NV	$1.6	5.0%	78.3%
CO	$1.0	3.0%	-19.5%
OR	$1.0	3.0%	29.0%
ME	$0.3	0.9%	3.4%
Other Rec States	$0.2	0.6%	74.4%
REC STATES TOTAL	**$17.3**	**52.5%**	**32.3%**
Medical States & Other*	$12.6	38.3%	10.8%
Canada	$3.0	9.1%	29.6%
Other Countries	<$0.1	<0.1%	-80.9%
TOTAL REVENUES	**$32.9**	**100.0%**	**22.9%**

	QoQ Growth
RECREATIONAL STATES	32.3%
MEDICAL STATES & OTHER	10.8%
TOTAL REVENUE	22.9%

KUSHCOHOLDINGS™

Note: Amounts in millions. Total amounts may not add up due to rounding
* Other includes states that currently do not have an adult recreational use and/or medical use program

REVENUE BREAKOUT BY CATEGORY

Product Categories	Q2 2021 Revenue	% of Revenue	QoQ Growth
Vape	$23.3	70.7%	28%
Packaging, Papers & Supplies	$8.1	24.5%	17%
Energy & Natural Products	$1.5	4.5%	-7%
Services**	$0.1	0.2%	316%
TOTAL REVENUES	**$33.0**	**100.0%**	**22.8%**

* Amounts in millions. Total amounts may not add up due to rounding
** Services revenue includes sales from hemp trading, retail services and the Hybrid Creative

FQ2 2021 Financial Summary

KUSHCOHOLDINGS™

FQ2 2021 INCOME STATEMENT SNAPSHOT

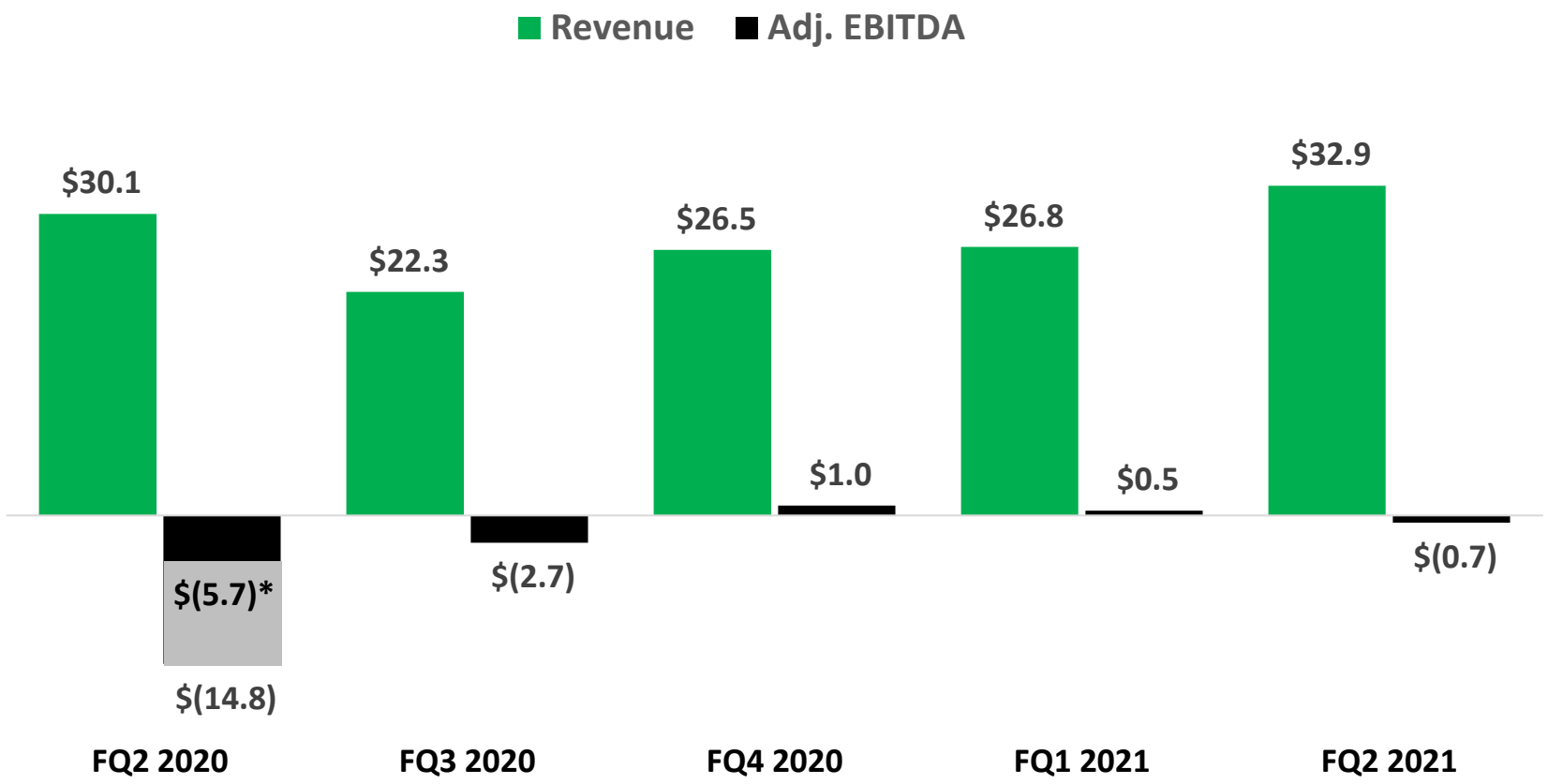
	Q2 2021	Q1 2021	Q2 2020
Net Revenue	**$32.9**	**$26.8**	**$30.1**
GAAP Gross Profit [Margin]	$6.4 [20%]	$5.7 [21%]	($8.9) [(30%)]
Non-GAAP Gross Profit [Margin] [1]	**$6.9 [23%]**	**$5.9 [24%]**	**$6.0 [22%]**
Cash SG&A[2]	$8.4	$6.5	$13.6
Adjusted EBITDA	**($0.7)**	**$0.5**	**($14.8)**

1) Non-GAAP Gross Profit excludes the impact of certain non-recurring items. Non-GAAP Gross Profit Margin is calculated by dividing Non-GAAP Gross Profit by Non-GAAP Net Revenue [Net Revenue minus the total amount billed for Section 301 Tariffs]. Non-GAAP Net Revenue for the three months ended February 28, 2021, November 30, 2020, and February 29, 2020 were $29.6 million, $24.3 million, and $27.4 million, respectively.

2) Cash SG&A excludes non-cash expenses, such as bad debt, depreciation, amortization, and stock-based compensation.

Amounts in millions. NM = Not Meaningful

REVENUE & ADJUSTED EBITDA



KUSHCOHOLDINGS™

* Adj. EBITDA for FQ2 2020 included approximately $9.1 million of bad debt expense that the company views as one-time in nature.
Note: Amounts in millions.

FQ2 2021 BALANCE SHEET SNAPSHOT

	Feb. 28, 2021	Aug. 31, 2020	Feb. 29, 2020
Accounts Receivable, Net	**$10.4**	**$9.4**	**$16.9**
Inventory, Net	$50.8	$28.0	$26.4
Cash	**$35.0**	**$10.5**	**$11.4**

Amounts in millions.

THANK YOU

Investor Relations Contact:

Najim Mostamand, CFA
Director of Investor Relations
714-539-7653
ir@kushco.com

Appendix

NON-GAAP FINANCIAL MEASURES

	Three Months Ended February 28, 2021	Three Months Ended February 29, 2020
Net Revenue	$ 32,884	$ 30,143
China tariff surcharge	(3,251)	(2,705)
Non-GAAP Net Revenue	**29,633**	**27,438**
GAAP Gross Profit	$ 6,441	$ (8,908)
GAAP Gross Profit %	20%	(30%)
Adjusted for China tariff impact, net	415	(330)
Restructuring - excess and obsolete inventory	-	11,879
Purchase order cancellation charges	-	3,327
Non-GAAP Gross Profit	**$ 6,856**	**$ 5,968**
Non-GAAP Gross Profit %*	23%	22%
GAAP Net Loss	**$ (5,042)**	**$ (44,375)**
Adjusted for China tariff impact, net	415	(330)
Non-recurring litigation and consulting costs	670	1,970
Stock-based compensation	2,097	3,427
Restructuring costs	286	7,301
PPP loan forgiveness	(1,900)	-
Restructuring - excess and obsolete inventory	-	11,879
Purchase order cancellation charges	-	3,327
Foreign exchange loss	23	-
Loss on extinguishment of debt	447	-
Change in fair value of warrant liability	933	(1,391)
Change in fair value of equity investment	(1,075)	696
Non-GAAP Net Loss	**$ (3,145)**	**$ (17,496)**
Non-GAAP Net Loss per basic and diluted share	$ (0.02)	$ (0.16)
Basic and Diluted Weighted Average Shares Outstanding	134,012	110,008
Non-GAAP Net Loss	**$ (3,145)**	**$ (17,496)**
Depreciation and amortization expense	849	1,070
Interest expense	1,558	1,619
Adjusted EBITDA	**$ (738)**	**$ (14,807)**

*Non-GAAP Gross Profit % is calculated by dividing Non-GAAP Gross Profit by Non-GAAP Net Revenue [Net Revenue minus the total amount billed for Section 301 Tariffs]. Non-GAAP Net Revenue for the three months ended February 28, 2021 and February 29, 2020 were $29.6 million and $27.4 million, respectively.

KUSHCOHOLDINGS™

NON-GAAP FINANCIAL MEASURES

	Three Months Ended November 30, 2020	Three Months Ended November 30, 2019
Net Revenue	$ 26,761	$ 34,963
China tariff surcharge	(2,432)	(2,924)
Non-GAAP Net Revenue	**24,329**	**32,039**
GAAP Gross Profit	$ 5,739	$ 7,271
GAAP Gross Profit %	21%	21%
Adjusted for China tariff impact, net	182	(43)
Non-GAAP Gross Profit	**$ 5,921**	**$ 7,228**
Non-GAAP Gross Profit %*	24%	23%
GAAP Net Loss	**$ (4,450)**	**$ (12,506)**
Adjusted for China tariff impact, net	182	(43)
Non-recurring litigation and consulting costs	215	859
Stock-based compensation	2,360	4,662
Restructuring costs	8	623
Foreign exchange loss	5	-
Loss on extinguishment of debt	877	-
Change in fair value of warrant liability	183	(3,204)
Change in fair value of equity investment	(1,251)	395
Non-GAAP Net Loss	**$ (1,871)**	**$ (9,214)**
Non-GAAP Net Loss per basic share	$ (0.01)	$ (0.09)
Non-GAAP Net loss per diluted share	(0.01)	(0.09)
Basic and Diluted Weighted Average Shares Outstanding	127,201	101,638
Non-GAAP Net Loss	**$ (1,871)**	**$ (9,214)**
Depreciation and amortization expense	845	962
Interest expense	1,546	1,488
Adjusted EBITDA	**$ 520**	**$ (6,764)**

*Non-GAAP Gross Profit % is calculated by dividing Non-GAAP Gross Profit by Non-GAAP Net Revenue [Net Revenue minus the total amount billed for Section 301 Tariffs]. Non-GAAP Net Revenue for the three months ended November 30, 2020 and November 30, 2019 were $24.3 million and $32.0 million, respectively.

KUSHCOHOLDINGS™

NON-GAAP FINANCIAL MEASURES

	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019
Net Revenue	$ 26,468	$ 46,972
China tariff surcharge	(2,444)	-
Non-GAAP Net Revenue	**24,024**	**46,972**
GAAP Gross Profit	$ 6,837	$ 9,420
GAAP Gross Profit %	26%	20%
Purchase order cancellation charges	404	-
Adjusted for China tariff impact, net	(336)	145
Non-GAAP Gross Profit	**$ 6,905**	**$ 9,565**
Non-GAAP Gross Profit %*	29%	20%
GAAP Net Loss	**$ (7,288)**	**$ (11,544)**
Purchase order cancellation charges	404	-
Adjusted for China tariff impact, net	(336)	145
Non-recurring litigation and consulting costs	666	397
Stock-based compensation	2,934	4,545
Restructuring costs	105	366
Foreign exchange loss	262	-
Gain on disposition of assets	-	150
Loss on extinguishment of debt	1,651	-
Change in fair value of warrant liability	(1,644)	(1,985)
Impairment loss on intangible asset	1,156	-
Change in fair value of equity investment	687	269
Change in fair value of contingent consideration	-	466
Non-GAAP Net Loss	**$ (1,403)**	**$ (7,191)**
Non-GAAP Net Loss per basic share	$ (0.01)	$ (0.08)
Non-GAAP Net loss per diluted share	(0.01)	(0.08)
Basic Weighted Average Shares Outstanding	124,940	89,091
Diluted Weighted Average Shares Outstanding	124,940	89,091
Non-GAAP Net Loss	**$ (1,403)**	**$ (7,191)**
Depreciation and amortization expense	958	789
Interest expense	1,482	1,071
Income tax expense	(29)	114
Adjusted EBITDA	**$ 1,008**	**$ (5,217)**

*Non-GAAP Gross Profit % is calculated by dividing Non-GAAP Gross Profit by Non-GAAP Net Revenue [Net Revenue minus the total amount billed for Section 301 Tariffs]. Non-GAAP Net Revenue for the three months ended August 31, 2020 and August 31, 2019 were $24.0 million and $47.0 million, respectively.

KUSHCOHOLDINGS™

NON-GAAP FINANCIAL MEASURES

	Three Months Ended May 31, 2020	Three Months Ended May 31, 2019
Net Revenue	$ 22,264	$ 41,486
China tariff surcharge	(1,903)	(370)
Non-GAAP Net Revenue	**20,361**	**41,116**
GAAP Gross Profit	$ 2,372	$ 7,396
GAAP Gross Profit %	10.7%	17.8%
Adjusted for non-recurring air freight costs	-	-
Adjusted for non-recurring temporary labor costs	-	-
Restructuring — excess and obsolete inventory	2,136	-
Purchase order cancellation charges	963	-
Adjusted for China tariff impact, net	276	1,972
Non-GAAP Gross Profit	**$ 5,747**	**$ 9,368**
Non-GAAP Gross Profit %*	28.2%	22.8%
GAAP Net Loss	**$ (13,488)**	**$ (10,598)**
Adjusted for non-recurring air freight costs	-	-
Adjusted for non-recurring temporary labor costs	-	-
Restructuring — excess and obsolete inventory	2,136	-
Purchase order cancellation charges	963	-
Adjusted for China tariff impact, net	276	1,972
Non-recurring litigation and consulting costs	121	550
Stock-based compensation	2,985	2,667
Restructuring costs	952	-
Severance costs	-	-
Gain on disposition of assets	-	-
Lease termination liability release gain	(798)	-
Equity investment impairment	230	-
Change in fair value of warrant liability	1,160	(6,254)
Change in fair value of equity investment	9	71
Change in fair value of contingent consideration	-	2,961
Non-GAAP Net Loss	**$ (5,454)**	**$ (8,631)**
Non-GAAP Net Loss per basic share	$ (0.05)	$ (0.10)
Non-GAAP Net loss per diluted share	(0.05)	(0.17)
Basic Weighted Average Shares Outstanding	119,574	88,286
Diluted Weighted Average Shares Outstanding	119,574	88,377
Non-GAAP Net Loss	**$ (5,454)**	**$ (8,631)**
Depreciation and amortization expense	1,227	633
Interest expense	1,487	474
Income tax expense	-	13
Adjusted EBITDA	**$ (2,740)**	**$ (7,511)**

*Non-GAAP Gross Profit % is calculated by dividing Non-GAAP Gross Profit by Non-GAAP Net Revenue [Net Revenue minus the total amount billed for Section 301 Tariffs]. Non-GAAP Net Revenue for the three months ended May 31, 2020 and May 31, 2019 were $20.4 million and $41.1 million, respectively.

KUSHCOHOLDINGS™