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KushCo Holdings Expands CBD Footprint with Launch of New Hemp Trading Business

New Division Leverages KushCo's Ecosystem to Connect Buyers and Sellers of Hemp Commodities

Capital Light and EBITDA Accretive Business Complements KushCo's CBD Packaging and Retail Services Businesses

CYPRESS, CA / ACCESSWIRE / November 6, 2019 /KushCo Holdings, Inc.

(OTCQX:KSHB) ("KushCo" or the "Company"), the premier producer of ancillary products and services to the legal cannabis and CBD industries, has announced today that it has expanded its CBD footprint with the launch of a new hemp trading business focused on facilitating legally compliant hemp transactions for in-network, pre-qualified farmers and a pre-qualified buyer network. The Company has also entered into a partnership with a leader in U.S. industrial hemp farming, who will serve as a supplier for verified buyers.

Expansion of CBD Footprint with New Hemp Trading Business:

With the addition of the new hemp trading business, KushCo's ecosystem now services farmers, operators, extractors, brands, and distributors of legally compliant hemp-derived CBD across the entire value chain (see figure 1). With a network of more than 6,000 brands, producers, and suppliers, KushCo is able to provide end-to-end services with the ability to deliver and market hemp biomass from the farmer all the way to retail markets.

As part of its new hemp trading business, KushCo will be creating both spot and long-term supply contracts to buy or sell legally compliant hemp biomass, crude CBD oil, CBD isolate, and CBD distillate. The biomass is tested for cannabinoids, microbials, solvents, pesticides, heavy metals, moisture, mycotoxins, and other chemicals. KushCo's hemp trading business provides transparency in the legal, hemp-derived CBD market for both buyers and sellers, eliminates multiple third parties within the sales process, guarantees quality of the supply chain, and mitigates risk while ensuring compliance.

"We recognized early on that the CBD market would be an explosive one that is poised for substantial growth for many years to come, which is why we have been actively positioning our business to capitalize on this opportunity," said Nick Kovacevich, Co-founder, Chief Executive Officer and Chairman of KushCo. "We started with the rollout of our Retail Services division this summer, which has been building and activating distribution networks of compliant hemp-derived CBD brands across many retail channels, including the conventional, pet care, convenience, and beauty categories. We believe our partnerships with leading CPG sales agencies is the first large scale go-to-market operation focused on helping these major CBD brands achieve mass distribution across all consumer channels in legal U.S. markets. More recently, we have been offering unique CBD packaging solutions

that allow for significant creativity and customization, helping our customers' brands differentiate themselves on the retail shelves. And now, with the launch of our hemp trading business, we are servicing the entire hemp-derived CBD market from seed to sale, especially as many of our historically THC-focused customers start to expand with unique brands and offerings in the CBD market. We believe this crossover between THC and CBD will continue and with our more than 6,000 customers across both industries, are in prime position to take advantage of the convergence between these two markets. Overall, the hemp trading business will not only expand our CBD footprint and amplify our cross-selling opportunities, but more importantly, will contribute significant EBITDA given its capital light nature, which altogether should help us achieve our goal of adjusted EBITDA profitability in the second half of fiscal 2020."

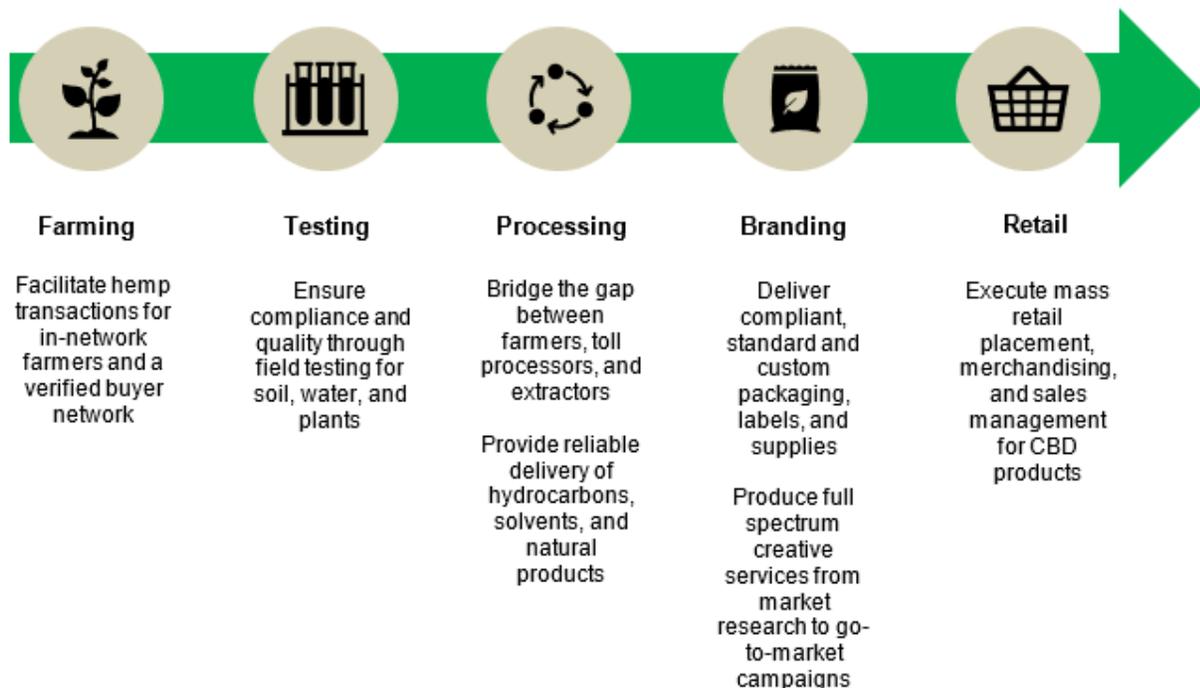


Figure 1: KushCo's CBD Ecosystem

Projected Fiscal 2020 Financial Impact:

KushCo's hemp trading business is projected to generate more than \$25 million in revenue in fiscal 2020.

"With the formation of our hemp trading business, KushCo's CBD division is now a true seed to sale operation, beginning with the hemp farmers and ending at the retail shelves," said Jason Vegotsky, KushCo's Chief Revenue Officer and President. "We are able to now secure products and facilitate transactions through our verified supply chain, while providing price transparency without the involvement of multiple middle men. In addition to helping facilitate the sale of the actual biomass to processors, we are able to broker the distribution of the processor's offtake products, including CBD crude, distillate, and isolate. More importantly, because of our unique and all-encompassing position in the supply chain, we are the clear choice for connecting our brands to major retail channels, and have the opportunity to supplement biomass and offtake product sales by being the exclusive

packaging, hydrocarbons and solvents provider for our processing partners, as is the case with our initial enterprise agreements signed to date. Through our ability to win on price, quality, and convenience, we have developed a strong pipeline of business in just a short period of time, and are confident we can hit our sales objectives while driving strong profitability and cash flow given the positive working capital structure of this business."

Hemp Supplier Partnership:

In connection with the development of its hemp trading business, KushCo also recently entered into a partnership with a national leader in agricultural hemp production that sources legally compliant hemp biomass, CBD distillate, CBD isolate, and hemp flower from its 1,200 acres of hemp cultivation and the more than 60,000 acres available through its network of farmers.

The partnership was formed to create a new national hemp marketplace and to streamline the process for farmers and buyers alike, delivering a qualified network for buying and selling CBD. KushCo's partner will be primarily responsible for the vetting and compliance monitoring of all farms and CBD material entering the marketplace. This includes vetting farmers and growers to ensure regulatory compliance and best practices at the farm level, validating and certifying raw material, and tracing the process from seed to sale to bring standardization and reliability to the supply chain. KushCo, in turn, will be responsible for overseeing the financial transactions through its proprietary escrow services. This includes ensuring that buyers and sellers have efficient and transparent transactions. The Company will not store any inventory, but rather will earn a fee by facilitating the transaction.

"Since the passage of the 2018 Farm Bill less than a year ago and the recent establishment of the USDA's Domestic Hemp Production Program, our customers have just begun to scratch the surface in developing and bringing to market their own CBD and CBD-derivative products, which galvanized our decision to become involved in the earlier stages of the supply chain," said Stephen Christoffersen, CFA, KushCo's Executive Vice President of Corporate Development. "Prior to our partnership, the burgeoning CBD market lacked a standardized and transparent market for sourcing and delivering legally compliant hemp-derived CBD. With this new partnership, however, we believe we are creating the industry's first national hemp marketplace, giving farmers assurance that they will have a buyer network once their crop is ready, while providing buyers with a trusted source for purchasing industrial hemp. It's the best of both worlds, and we couldn't be happier to have aligned with a partner who understands and is committed to the vision of empowering the local farmer and filling in the wide sourcing and distribution vacuum that exists in the legal hemp market today. Ultimately, we're excited to be able to drive additional value for our customers, delivering best-in-class service with an unparalleled line of high-quality products that set us up to win."

About KushCo Holdings

KushCo Holdings, Inc. (OTCQX:KSHB) (www.kushco.com) is the premier producer of ancillary products and services to the legal cannabis and CBD industries. KushCo Holdings' subsidiaries and brands provide product quality, exceptional customer service, compliance knowledge and a local presence in serving its diverse customer base.

Founded in 2010, KushCo Holdings has now sold more than 1 billion units to growers,

processors and producers across North America, South America, and Europe.

The Company has been featured in media nationwide, including CNBC, Fox News, Yahoo Finance, Cheddar, Los Angeles Times, TheStreet.com, and Entrepreneur, Inc Magazine. While KushCo Holdings provides products and solutions to customers in the cannabis and CBD industries, it has no direct involvement with the cannabis plant or any products that contain THC.

For more information, visit www.kushco.com or call (888) 920-5874.

Forward-Looking Statements

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 the Company's 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 the opinions of the Company's management only as of the date of this release. Please keep in mind that the Company is not obligating itself 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," "expect," "project," "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 the Company herein are often discussed in the Company's filings with the United States Securities and Exchange Commission (SEC), which are available at: www.sec.gov, and on the Company's website, at: www.kushco.com.

KushCo Holdings Contact

Investor Contact:

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

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