



Orchid Ventures Announces FYE 2019 Financial Results

IRVINE, CA / ACCESSWIRE / October 1, 2019 / Premium cannabis brand **Orchid Ventures, Inc.** (CSE:ORCD) (OTC PINK:ORVRF) ("Orchid Ventures" or the "Company") today released its consolidated financial results for the fiscal year end 2019. All financial information for the period ended May 31, 2019 is reported in US dollars, unless otherwise indicated.

"We are making steady progress on our revenue generating strategic priorities while simultaneously remaining vigilant of our commitment to our customers, our shareholders and our employees. We remain focused on creating the highest standards in cannabis and creating safe, quality products while maintaining a low cost profile. We are proud to present our year end results and continue to improve our trajectory as a Company. I am motivated by our team's dedication and hard-work to date, and excited for the acquisitions that have been made so far in fiscal year 2020." says Corey Mangold, CEO & Founder of Orchid Ventures

FINANCIAL COMMENTARY:

The net assets of the Company improved significantly from 2018. Net assets increased from a deficiency of \$633,947 at May 31, 2018 to \$2,933,140 at May 31, 2019, an increase of \$3,567,087.

Working capital as at May 31, 2019 was \$2,580,475, a significant improvement from the year prior's deficiency of \$690,465. The increase in working capital is mostly attributed to a 53% increase in the Company's trade receivables.

Revenue increased by \$3 million (or 123%) from \$2.5 million to \$5.5 million for the year ended May 31, 2019. The increase in sales were from expanding into California in January 2019.

Gross profit for the year ended May 31, 2019 increased to \$1,973,118 (36% of revenues) compared to \$1,256,918 for the year ended May 31, 2018 (51% of revenues). Gross profit decreased due to lower margins being realized in the California market as well as specific pricing reductions in Oregon. In addition, the Company has written down a portion of its older inventory that was purchased in 2019 that was included in cost of sales.

Operating expenses from ongoing operations for the Company increased by 63%, or by \$1.82 million. The increase in costs is a result of the Company's focused expansion in the Oregon cannabis market. Other reasons include costs associated with the reverse take-over and listing on the CSE, and costs associated with the regulatory environment of being a new publicly traded entity. Furthermore, the Company's expansion required significant expenditures in compensation costs, administrative, and rent and utilities.



The Company's net loss from ongoing operations increased from \$1.7 million in 2018 to \$2.35 million in 2019. Net loss from ongoing operations excludes non-cash items such as share-based payment and listing expenses, which totaled \$4.3 million.

2019 HIGHLIGHTS

- Launched line of Orchid Essentials products in California and revenue increased by 123%, from \$2.5 million in 2018 to \$5.5 million in 2019.
- Launched 9 new SKU's which also helped drive new customers and new sales
- Acquired Forrest Green Distribution in Long Beach, CA with a BCC Type-11 provisional distribution license
- Acquired a distribution license with light manufacturing in Clackamas, OR
- Began filling cartridges and finished goods packaging in Oregon which led to a reduction in costs
- Listed on the CSE (CSE:ORCD) through a reverse takeover (RTO) of Earny Resources
- Management team changes and formation of a Board of Directors including independents Tom Soto & Robert MacDonald

ADDITIONAL INFORMATION

Additional information relating to the Company's fiscal year end 2019 results is available on SEDAR at www.sedar.com in the Company's Interim Financial Statements and Management Discussion & Analysis ("MD&A") for the year.

The Company will hold an earnings call on Thursday, October 17th at 10am PT (1pm ET). Individuals interested in listening to the conference call may do so by dialing (844) 407-9500 for domestic calls or (862) 298-0850 for international calls. To listen to a live webcast, please visit: <https://www.investornetwork.com/event/presentation/53829>.

The call will provide details surrounding the recently released financial statements and provide an opportunity for Q&A.

A replay of the call will be available until October 24th, 2019. To access the replay, dial (877) 481-4010 for domestic calls or (919) 882-2331 for international calls. The replay passcode is 53829. The webcast will be available until January 17th, 2019 at <https://www.investornetwork.com/event/presentation/53829>.



ABOUT ORCHID ESSENTIALS

Orchid Essentials is an Irvine, CA based multi-state operator that launched in Oregon and California in August 2017 and has since developed a mass-market brand and loyal consumer following with its premium cannabis products. Orchid's product lines are currently sold in 350+ dispensaries across California and Oregon and are handcrafted and designed for optimal user-experience and overall enjoyment. The company's proven processes and passion for what it does carry through into its products. The end result is an unparalleled experience for new and practiced cannabis users alike. Orchid plans to expand its operations into new national markets, as well as global markets such as Latin America and Europe. With a continued focus on brand and intellectual property development, Orchid will continue to execute strategic acquisitions to further solidify its vertically integrated infrastructure with the goal of becoming a dominant premium cannabis company in the United States. Orchid's management brings significant branding, product development and distribution experience with a proven track record of scaling revenues, building value-generating partnerships and creating enterprise value. Learn more at <https://orchidessentials.com/>.

ON BEHALF OF THE BOARD OF DIRECTORS - ORCHID VENTURES, INC.

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The CSE does not accept responsibility for the adequacy or accuracy of this release.

Cautionary Statement Regarding "Forward-Looking" Information

This news release contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). The use of any of the word "will" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such forward-looking statements should not be unduly relied upon.. Actual results achieved may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. The Company



believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. The Company does not undertake to update these forward-looking statements, except as required by law.

Safe Harbor Statement

Except for historical information contained herein, statements in this release may be forward-looking and made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Words such as "anticipate", "believe", "estimate", "expect", "intend" and similar expressions, as they relate to Orchid Ventures, Inc. and Orchid Essentials any of its affiliates or subsidiaries (collectively, the "Company") or its management, identify forward-looking statements. These statements are based on current expectations, estimates and projections about the Company's business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and probably will, differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in the Company's Canadian securities regulatory filings with sedar.com. Factors which could cause actual results to differ materially from these forward-looking statements include such factors as (i) the development and protection of our brands and other intellectual property, (ii) the need to raise capital to meet business requirements, (iii) significant fluctuations in marketing expenses, (iv) the ability to achieve and expand significant levels of revenues, or recognize net income, from the sale of our products and services, (v) the Company's ability to conduct the business if there are changes in laws, regulations, or government policies related to cannabis, (vi) management's ability to attract and maintain qualified personnel necessary for the development and commercialization of its planned products, and (vii) other information that may be detailed from time to time in the Company's Canadian securities regulatory filings with sedar.com. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.