



## **Origin House Announces Record Preliminary Unaudited Revenues of \$11 Million<sup>1</sup> for the First Quarter of 2019 and \$6.5 Million<sup>1</sup> for April 2019**

- Q1 preliminary revenue represents sequential growth of approximately 39% compared to Q4-2018 –
- The Company's wholly-owned distribution division, Continuum, generated preliminary revenue of approximately \$4.8 million<sup>1</sup> in April 2019, representing its highest monthly revenue to date -
- As previously announced, the Company will hold a special meeting of shareholders on June 11, 2019 in respect of the previously announced statutory plan of arrangement with Cresco Labs Inc. -

**Ottawa, Canada – May 17, 2019 - CannaRoyalty Corp. d/b/a Origin House (CSE: OH) (OTCQX: ORHOF) (“Origin House” or the “Company”)**, a North American cannabis products and brands company today announced preliminary unaudited revenue of approximately \$11 million<sup>1</sup> for the first quarter ended March 31, 2019, at an approximate gross margin of 15%<sup>1</sup>. In addition, Origin House generated preliminary unaudited revenue for the month of April of approximately \$6.5 million<sup>1</sup> and the Company expects gross margin to continue to trend upwards from Q1 to Q2. The Company's wholly-owned distribution division, Continuum, generated preliminary revenue of approximately \$4.8 million<sup>1</sup> during April, representing its highest monthly revenue to date. All figures are reported in Canadian dollars, unless otherwise indicated.

The Company's achievements during the first four months of the year are the result of both solid organic growth and strategic merger and acquisition-based initiatives. Origin House now operates a distribution platform on a statewide basis in California, as well as a robust Canadian online and brick and mortar retail platform. The Company's achievements for the quarter include:

- **Combination of wholly-owned California distributors into integrated statewide platform**  
In Q1, Origin House launched Continuum, the Company's wholly-owned statewide distribution division, following the successful operational integration of two of the most successful independent and geographically complementary distributors in California – RVR Distribution and Alta Supply. In April 2019, Continuum generated preliminary revenue of approximately \$4.8 million<sup>1</sup>, representing its highest monthly revenue to date.
- **Acceleration of California brand onboarding activity**

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<sup>1</sup> The financial information presented in this news release is based on preliminary, unaudited financial statements prepared by management, for the first quarter ended March 31, 2019 and for the month ended April 30, 2019, and is fully qualified by the section in this press release entitled *Disclaimer Regarding Financial Information*.

During the quarter, the Company signed exclusive agreements to distribute Papa's Herb, Humboldt's Finest, Viola and Utopia Cannabis branded products. In addition, Origin House entered into a distribution relationship with Kurvana, which is currently the fifth<sup>2</sup> highest revenue producing cannabis brand in California.

- **Addition of Canadian retail presence, adding significant revenue and growth potential**  
The completion of Origin House's acquisition of 2360149 Ontario Inc. d.b.a. 180 Smoke and its affiliates ("180 Smoke"), added immediate revenue from a rapidly expanding nicotine vape, e-juice manufacturing and cannabis hardware business, which generated \$11.7 million in net revenue in 2018<sup>3</sup>. The Company expects to use this foundation to both expand the reach of 180 Smoke as well as to offer access to the Canadian market for its brand partners.

"As we outlined on our Q4 call less than a month ago, momentum is building in the California market for all legal players and for Origin House specifically. Q1 and the month of April were record revenue periods for the Company, and also record periods for the number of top California cannabis brands that our team successfully onboarded," said Marc Lustig, Chairman and CEO of Origin House. "If 2018 was a year of building for Origin House, 2019 is rapidly progressing toward an inflection point where the platform we have built begins to demonstrate its true financial power, with brands signed early in the year, rolling-out through our network and a robust pipeline of brand opportunities ahead of us. I very much look forward to working alongside the team at Cresco Labs Inc. to leverage our complementary footprints and management skillsets to build a dominant North American cannabis consumer brands company."

#### **Interim Order and Filing of Information Circular - Proposed Arrangement with Cresco Labs Inc.**

As announced on May 3, 2019 through a [press release](#), Origin House has obtained an interim order from the Ontario Superior Court of Justice (Commercial List) in connection with its previously announced statutory plan of arrangement pursuant to which Cresco Labs Inc. ("Cresco Labs") will acquire all of the issued and outstanding shares of Origin House, with each holder of a common share of Origin House receiving 0.8428 of a subordinate voting share of Cresco Labs and each holder of a class A compressed share of Origin House ultimately receiving 84.28 subordinate voting shares of Cresco Labs (the "Arrangement"). Receipt of the interim order authorizes Origin House to hold its special meeting of shareholders (the "Meeting") in respect of the Arrangement on June 11, 2019. On May 14, 2019, the Company also [announced](#) that it had filed its management information circular, letter of transmittal and related proxy materials (collectively, the "Meeting Materials") and will commence delivery of the Meeting Materials for the Meeting.

#### **Q1-2019 Financial Results Release**

Origin House plans to release its full financial results for the first quarter ended March 31, 2019 on May 29, 2019 and will not hold a public conference call in connection with this release.

Cresco Labs will report its financial results for the first quarter ended March 31, 2019 on May 29, 2019 following market close. The Company will hold a conference call and webcast to discuss its business and

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<sup>2</sup> According to BDS Analytics, 2018

<sup>3</sup> Unaudited figures based on internal financial statements of 180 Smoke for the year ended December 31, 2018.

financial results on Wednesday, May 29, 2019 at 6:00 pm ET. The conference call may be accessed via Cresco Labs' investors website at [investors.crescolabs.com](http://investors.crescolabs.com) or by dialing 866-688-4235 (409-216-0711 for international callers) and providing conference ID 5478615. Archived access to the webcast will be available for one year on the Cresco investors website.

### **Update on Henry's Original**

Origin House also announced today that the [previously disclosed](#) exclusive agreement between the Company and Heritage Holding of California, Inc. d/b/a Henry's Original, to distribute Henry's Original-branded products, has now been discontinued.

### **About Origin House**

Origin House is a growing cannabis brands and distribution company operating across key markets in the U.S. and Canada, with a strategic focus on becoming a preeminent global house of cannabis brands. Origin House's foundation is in California, the world's largest regulated cannabis market, where it delivers over 130 branded cannabis products from 50+ brands to the majority of licensed dispensaries. Origin House's brand development platform is operated out of five licensed facilities located across California, and provides distribution, manufacturing, cultivation and marketing services for its brand partners. Origin House is actively developing infrastructure to support the proliferation of its brands internationally, initially through its acquisition of Canadian retailer 180 Smoke. Origin House's shares trade on the CSE under the symbol "OH" and on the OTCQX under the symbol "ORHOF". Origin House is the registered business name of CannaRoyalty Corp. For more information, visit [www.originhouse.com](http://www.originhouse.com).

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### **Disclaimer Regarding Financial Information**

The financial information presented in this news release is based on preliminary, unaudited financial statements prepared by management, for the first quarter ended March 31, 2019, and for the month ended April 30, 2019. Accordingly, such financial information may be subject to change. All financial information contained in this news release is qualified in its entirety with reference to the Company's unaudited financial statements for the first quarter ended March 31, 2019, which will be filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on May 29, 2019, and with reference to the Company's (or if the Arrangement has been completed by the applicable time, to Cresco Labs') unaudited financial statements for the second quarter ended June 30, 2019, which will be filed on SEDAR as required by applicable laws. While the Company does not expect there to be any material changes to the financial information presented in this news release, to the extent that it is inconsistent with the information contained in the Company's unaudited financial statements for the first quarter ended March 31, 2019 or the Company's (or Cresco Labs', as applicable) unaudited financial statements for the second quarter ended June 30, 2019, the financial information contained in this news release shall be deemed to be modified or superseded by the Company's unaudited financial statements. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation for purposes of applicable securities laws.

### **Forward Looking Statements**

*Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in Origin House's periodic filings with Canadian securities regulators. When used in this news release, words such as "will, could, plan, estimate, expect, intend, may, potential, believe, should," and similar expressions, are forward- looking statements.*

*Forward-looking statements may include, without limitation, statements relating to the expansion of the reach of 180 Smoke, the ability of Origin House to offer access to the Canadian market to its brand partners, the roll-out of Origin House partner brands, Origin House's pipeline of brand opportunities, the terms of the Arrangement (including the terms, timing, closing and conditions thereof), the timing of the special meeting of shareholders in respect of the Arrangement, the timing of the release of the Company's full financial result for the first quarter ended March 31, 2019, , the execution of the Company's strategy, new opportunities, the Company's timing and process for expansion in Canada and globally, new opportunities, future growth and other statements.*

*Although the Company has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including, but not limited to: dependence on obtaining regulatory approvals; investing in target companies or projects that are engaged in activities currently considered illegal under US federal law; changes in laws; limited operating history; reliance on management; requirements for additional financing; competition; hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry and; regulatory or political*

*change.*

*There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in these forward-looking statements may differ materially from actual results or events.*

*Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. The Company disclaims any intention or obligation to update or revise such information, except as required by applicable law, and the Company does not assume any liability for disclosure relating to any other company mentioned herein.*