



ORCHID VENTURES ANNOUNCES 2021 Q1 FINANCIAL RESULTS

VANCOUVER, WA - January 19, 2021 - **ORCHID VENTURES, INC. (CSE: ORCD OTC: ORVRF)** (the “Company” or “Orchid”) is pleased to announce its first quarter ("Q1 2021") financial results for the period ended September 30, 2020. All amounts expressed are in United States dollars.

Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Detailed information regarding the Company's financial results as well as management's discussion and analysis can be found at <https://sedar.com/> and <https://ir.orchidessentials.com/>.

Q1 2021 Selected Financial Data

		Quarter ended September 30 2020	Quarter ended September 30 2019	Balance as on June 30 2020
Revenues	\$	1,953,991	725,738	
Cost of goods sold	\$	880,968	920,459	
Gross profit	\$	1,073,023	(194,720)	
Expenses including non-cash items	\$	975,748	1,886,312	
Net income /(loss) for the year	\$	97,276	(2,081,032)	
Number of common shares outstanding		90,348,065	75,523,631	
Profit /(Loss) per share	\$	0.001	(0.028)	
Cash	\$	130,209		76,017
Working capital	\$	(1,280,187)		(1,786,153)
Total assets	\$	1,795,914		1,488,021
Shareholders' equity (deficiency)	\$	(1,140,266)		(1,445,434)
Long-term financial liabilities	\$	349,025		211,896

Operating Results

- During the reporting period, total revenues were \$1.95 million, a 169% increase from the same quarter in 2020. The increase was attributed to the Company's launch of its

- wholly owned subsidiary PurTec Delivery Systems and new revenue generated from that business, despite the manufacturing slow downs due to the COVID-19 pandemic.
- Gross profit was \$1.07 million, compared to a loss of \$(194,720) during Q1 2020. The increase in gross margin from the prior year is due to the Company's direct focus on executing their new business strategy, which is starting to gain traction as it enhances their ability to drive revenue outside of direct cannabis touching operations that inherently provide lower margins. Instead, the company is focusing on offering innovative products and services to the Cannabis industry that deliver higher margins. Orchid's strategic shift is outlined in the "Growth Strategy" section of the MD&A.
 - Expenses including non-cash items in Q1 2021 were \$975,748, a significant reduction compared to \$1.9 million during Q1 2020. This change over prior year represents managements' commitment to reducing expenses in all areas, including management and consultant fees, plus wages and benefits. Moving forward, management intends to remain focused on delivering sustained profitability.

Balance Sheet

- Cash at September 30, 2020 was \$130,209, compared to \$76,017 at June 30, 2020, an increase of 71%.
- Total assets were \$1.8 million during Q1 2021, compared to \$1.5 million at June 30, 2020, an increase of 20%.
- Working capital for Q1 2021 was a deficiency of \$1.3 million, compared to a deficiency of \$1.8 million at June 30, 2020, as funds were utilized to finance operations.

Financial Summary

During the three months ended September 30, 2020 ("Q1 2021"), the Company reported a net profit of \$92,843 against revenues of \$1,953,991 compared to a net loss of \$(2,081,032) against revenues of \$725,738 for the three months ended September 30, 2019 ("Q1 2020").

Sales and profit increased with the new initiatives discussed above and are a reflection of Orchid's strong brand recognition, the continued evolution of PurTec as an industry disruptor in the vape hardware segment and the high quality standards pursued by the company. Gross profit increased from a gross loss of \$(194,720) in Q1 2020 to a gross profit of \$1,073,023 in Q1 2021

Total operational and other expenses were \$975,748 during Q1 2021 compared to \$1,886,312 for the comparative period. Management has made a considerable effort to minimize costs and overhead, the effects of which are reflected in the Q1 2021 results.

The Company's primary source of revenue is from its PurTec Delivery Systems vaporizer hardware and brand licensing revenue. The Company can for the near term generate the necessary capital resources required to finance operations by way of the sales of its products and management takes all necessary precautions to minimize risks however additional risks could affect the future performance of the Company. Business risks are detailed in the "Risks and Uncertainties" section of this MD&A.

Management Commentary

A little over a year ago, the Company's management team set out to evaluate the industry dynamics and trends plus better leverage it's key learnings and improved core capabilities to re-assess the strategic direction of the company. At the conclusion of this process they decided to pivot and change their strategic direction by shifting the business into activities not directly related to cannabis operations and to launch two new subsidiaries that are not cannabis touching operations. In Q1 2021 this new strategic direction and focus has started to show results, through delivering on the company's three foundational priorities: People - Process and Technology. The company expects to invest in these areas in order to deliver consistent improvements in revenue growth, continued discipline in expense and cost management and ultimately drive sustainable profit and shareholder value. Over the reporting period, the Company put in place a go-to-market strategy to improve sales and marketability of PurTec Delivery Systems with a focus on launching two new major technology platforms, successfully resulting in revenue growth and the first profitable quarter for the company in 2 years. In order to maintain this performance the Company discontinued all endeavors which did not demonstrate an immediate and satisfactory return on investment. The Company has also stopped all developments of cannabis operations, lowered expenses in every department and established a stronger finance team to monitor, track, and guide the Board of Directors with actionable financial intelligence. With notable improvement of its performance over the comparable quarter, the Company continues to position itself as a leading supplier of safe, high-quality, and innovative vaporizer hardware.

During the COVID-19 pandemic, the Company has effectively adapted its businesses, and its relationships with key overseas suppliers, to the new global market conditions while maintaining safety for its employees and securing major reductions in lease liabilities. These efforts will continue as management maintains its steadfast focus on profitability and fiscal responsibility.

Corey Mangold, Chief Executive Officer of Orchid, stated, "We are pleased to report strong growth in Q1 2021, as our re-positioning of the company's strategy and business model is starting to gain significant traction. We are confident in our strategy, and the results of our work have yielded the first profitable quarter for the company and over 169% revenue growth from the comparative period. We expect to see continued growth in our efforts to expand the Orchid Brand through our licensing model and continue to build our sales pipeline for PurTec Delivery Systems. With the upcoming launch of two highly disruptive technologies, we expect to disrupt the industry, continue to build our client base and begin to secure greater market share over the coming year while maintaining overall profitability."

First Quarter Key Developments

On September 23, 2020, the Company launched three new product lines in California and Oregon:

- Orchid Vibes, featuring a newly developed PurTec Summit cartridge and introducing more contemporary terpene profiles such as Mimosa and Purple Punch.
- Improved Orchid Classic line up, which are mid-tier products featuring their classic Orchid Essential formulations like Jack Herer and Dutch Treat.

- Orchid Gold live resin, seasonal craft strains and flavours that rotate throughout the year, launched in Oregon through licensee, Tine Trading Company.

Q1 experienced the first substantial sales since establishing its wholly owned subsidiary, PurTec Delivery Systems and now has its products being distributed throughout North America.

On September 29, 2020 the company agreed to sell their Bureau of Cannabis Control Distributor License for the State of California for CA Forrest Green Distribution, LLC at 2338 Anaheim Street East, Suite 201C, Long Beach, CA 90804-573 to the Tine Trading Company, LLC (Buyer).

Highlights of Subsequent Events

On October 20, 2020, the Company entered into a Supply and Licensing Agreement ("Agreement") for the manufacturing and distribution of Orchid products into the regulated Nevada cannabis market with 1933 Industries Inc. ("1933"). The Company entered into an exclusive agreement with 1933, for the purposes of manufacturing, selling and marketing Orchid Essentials Brand products in Nevada, leveraging 1933's extraction expertise and well-established sales and distribution channels in the state.

In December 2020 PurTec Delivery Systems ("PurTec"), launched an innovative ceramic film atomization heating and world's first cotton-free vaporizer technology, PurCore F1. jointly developed with our strategic partner, JWEI Group Advanced Technology Research Institute, built on the JWEI µKera Ultra technology platform.

PurCore R1 is another joint development project with our strategic partner, JWEI Group Advanced Technology Research Institute, This new technology will set new product safety standards throughout the cannabis vaporizer industry.

Manufacturing partners and the supply chain in China are operational and have been active since March 3rd. The Company has experienced a slight slowdown from manufacturers in China amidst the pandemic but much less than other manufacturers. Despite the pandemic, the Company is seeing an increase in order volume from several key accounts.

Please note the next financial release dates in accordance with the continuous disclosure schedule set out by the British Columbia Securities Commission:

Q2 2021 (Mar 1/21); Q3 2021 (May 30/2021); Audited Fiscal 2021 (October 28/2021)

The Company has granted a total of 2,150,000 stock options to a director and a consultant in accordance with the Company's equity incentive plan. Each stock option is exercisable at a price of \$0.05 CAD per share for a period of 5 years.

The Company announces that it has entered into a Consulting Agreement with HISco Ventures Inc. for business support services. Under the terms of the agreement, Stephen Davis, a representative of HISco Ventures Inc., will be issued 2,000,000 share purchase warrants in full consideration for its services. Each warrant is exercisable into a common share of the Company at a price of \$0.06 CAD per share until December 21, 2024.

ABOUT ORCHID ESSENTIALS

Orchid Essentials is a California-based cannabis innovation company that has developed a mass-market brand and loyal consumer following with its premium cannabis products and unique vape hardware delivery systems. Orchid also owns 100% of PurTec Delivery Systems, a company that produces, markets and sells clean vaporizer hardware that has been emissions tested against the most stringent standards in the world set forth by the EU and has unrivaled product quality and value pricing. Orchid's management brings significant branding, product development and distribution experience with a proven track record of scaling businesses and building sustainable revenue growth through value-generating partnerships and innovation that creates 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.

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](https://www.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.