



**Orchid Ventures Announces Financial Results for  
Period Ended September 30, 2021**

	Three Months Ended Sept 30, 2021	Three Months Ended June 30, 2021	Variance (\$)	Variance (%)
Revenues, net	\$398,423	\$294,882	\$103,541	29.9%
Cost of sales	\$298,143	\$784,934	\$(486,791)	-163.3%
Gross profit	\$100,280	\$(490,052)	\$590,332	588.7%
Net expenses	\$678,081	\$1,474,804	\$(796,723)	-117.5%
Loss for the period	\$(221,201)	\$(2,049,436)	\$1,828,235	826.5%

VANCOUVER, BC - November 29, 2021 - **ORCHID VENTURES, INC. (CSE: ORCD; OTC: ORVRF)** (the “Company” or “Orchid”) announces its first quarter (“Q1 2022”) financial results for the period ended September 30, 2021. 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 on its SEDAR profile at <https://sedar.com/> and <https://ir.orchidessentials.com/>.

**Management Commentary**

Mr. Corey Mangold, CEO of Orchid Ventures commented, “Though the financial performance of the company was underwhelming, the company anticipated that Q1 was likely to be challenging in terms of revenue, which was the primary driver of our profit loss for the period. This was due to the fact that after the Company raised money in April, it needed to activate a brand awareness program that required investment in advertising agencies that would assist us in the creative and media process, targeting various digital media channels and social media platforms. The Company's marketing campaigns didn't launch until September 2021 and the sales cycle for PurTec products is averaging approximately 4-6 months. The company also expanded its sales

team in order to build up the sales pipeline through outreach programs and trade shows that target both large and smaller sized companies in Cannabis and CBD. These investments are expected to start driving incremental revenue in Q2 as the development and build up phase has been completed and the company is focused 100% on accelerating topline revenue growth. Our short term goal remains the same - to achieve a breakeven position on the business by posting more consistent monthly and quarterly growth in sales and profits. We believe that we can achieve this in the next 60-90 days. To date, we have cut back operating expenses significantly and at this point our #1 focus is on revenue. Though we are lean, I feel that with the team we have and the resources that we are investing behind the business, we are in a strong position to expand the pipeline of opportunities and more efficiently secure new business. Our sales pipeline currently consists of more than 100 organizations, many of which are nearing the final phases of the sales cycle. We are also working on several other initiatives that are revenue generators, yet still synergistic with our expertise and leverage our core product formats and technologies. The company is steadfast in its efforts to achieve profitability and significantly increase revenues.”

### **Summary of YTD FY2021 Developments**

For three months ended September 30, 2021 (“Q1 2022”), the Company reported a net loss of \$221,201 against revenues of \$398,423 compared to a net profit of \$97,276 against revenues of \$1,953,991 for the three months ended September 30, 2020 (“Q1 2021”).

Sales decreased by \$1,555,568 from the comparative period and gross profits decreased \$856,070. However, the revenue posted in Q1 was consistent with the trendline from the previous 3 quarters. A drop this quarter in sales versus the same period last year was expected as the Company last year was generating sales from managing the full operations of the Orchid brand in California and the company had secured a large Purtec hardware order, which drove the strong year ago revenue number. With our move in 2021 to license the Orchid Essentials brand in California and to focus on an expanded PurTec market approach with initiatives targeted at brand recognition and awareness, product design improvements and public relations, these measures were not expected to yield results in the short term.

Total operational expenses were \$678,081 during Q1 2022 compared to \$909,004 in Q1 2021, despite marketing expenses increasing over 2700% from \$7,782 in Q1 2021 to \$217,450 in Q1 2022. The increase reflects the marketing initiatives discussed above. Management has made a considerable effort to minimize overall costs and overheads, while building on the all-important marketing initiatives. The effects of the change are reflected in Q1 2022 results. Operational expenses for Q1 2022 include non-cash items such as depreciation and amortization of \$1,323 (Q1 2021 - \$55,521) and share-based payments of \$Nil (Q1 2021 - \$207,891). The primary reason for the decrease in operational expenses this year compared to Q1 2021 is due to decreases in legal and professional charges and share-based payments which were reduced from \$165,598 and 207,891 respectively in Q1 2021 to \$25,110 and \$Nil in Q1 2022.

### **Path to Profitability**

With fifteen states opening up to the recreational sale of cannabis, sales will continue to grow as new population groups, like Baby Boomers, Generation X and Millennials, realize the magnitude of cannabis applications and cannabis is accepted by more demographics. Expectation is that both medical and recreational Cannabis legislation will continue to open up new markets, accelerating the growth of Cannabis throughout North America, South America and Europe. Orchid plans to capitalize on the opportunity by launching several new initiatives, including the expansion of the Orchid Essentials Brand franchise through a licensing model and by expanding their vaporizer product portfolio, plus leveraging new technologies.

The Company has continued to focus on their strategy to build an Orchid Ecosystem that is non-cannabis touching and better focused on leveraging the Company's core strengths, capabilities and product innovations in order to better differentiate within markets and disrupt the status quo. The key pillars to the strategy involve 1) licensing the Orchid Essentials brand in the North America and Europe, expanding the Orchid product portfolio and commercializing new product innovation, 2) diversification beyond making cannabis products to servicing the cannabis industry with differentiated and disruptive hardware delivery systems, intellectual property development and strategic opportunities, plus 3) leveraging the Company's core capabilities to provide go-to-market services like marketing, sales and retail expertise, e-commerce, plus packaging and distribution.

To support this strategy, Orchid Ventures has either fully developed or secured exclusive access to highly impactful product innovations and intellectual property for both Orchid Brands and for Purtec Delivery Systems. These two companies form a dynamic network, interacting with each other to create and exchange sustainable value for consumers and ultimately shareholders.

### Orchid Brands

Based on Orchid's branding, marketing and overall Cannabis experience and operational expertise the Company will continue to create opportunities for licensing the Orchid Essentials brand in order to expand reach into new markets and build strategic partnerships with high quality and respected local operating companies in the Cannabis industry. These licensees will use their operational strength and core capabilities to penetrate new markets by leveraging the Orchid Essentials brand and portfolio of products to accelerate growth and secure market share.

### PurTec Delivery Systems

PurTec Delivery Systems ("PurTec"), sells vaporizers and other delivery systems that are highly differentiated based on 4 key product imperatives: Design, Quality, Technology, and Safety. Importantly all Purtec products go through extensive quality control and durability testing, plus they are emissions tested against the strictest standards in the world, set by AFNOR for the European Union. In addition, the Company will continue to focus on driving operational efficiencies and cost control measures as the new strategic shift proceeds and begins to gain traction in terms of revenue generation and product/technology advancements. Investment will focus on People, Process and Technology to better position the Company for growth moving forward.

### Outlook

Management expects that their continued commitment and execution to their strategic priorities, driven by further developing and fine-tuning their product offerings and go-to-market strategies, will place them on a consistent path to revenue and profit growth in FY 2022. Efforts will continue to focus on creating differentiation with superior, high quality and safe products combined with leveraging new technologies and innovations to disrupt markets, attract more customers and build market share. The Company believes that the new business model and strategy will establish a more viable and attractive option for not just consumers, but for employees and investors as well.

## **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](http://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](http://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.