

Organto Provides Business Update and Record 3rd Quarter Revenue Guidance

Vancouver, BC, Canada, August 21, 2019 – Organto Foods Inc. (TSX-V: OGO, OTC: OGOFF) (“Organto” or “the Company”), an integrated provider of fresh organic vegetables and fruits today provides an update on commercial operations and other corporate matters.

Over the past year, Organto has repositioned its organic foods platform shifting from an asset heavy, single revenue stream business model, to an asset light, multi-stream business model. The Company has made important progress in executing its plans including exiting Company-owned growing operations, selling its processing facilities in Guatemala and exiting Company operated packaging operations in the Netherlands, all in favor of strategic sourcing arrangements with grower partners in Peru, Argentina, Mexico, Zimbabwe and others and third party processing and packaging arrangements with globally positioned strategic partners. Organto has also streamlined its cost base and expanded its product offering from high-value organic vegetables including organic green beans, sugar snaps and snow peas to other value-added organic vegetables and fruits including asparagus, avocado, blueberries, ginger, mango and other products. Organto continues to pursue new strategic supply sources around the globe as it works to complete year-round supply of its core product offerings and also bring new complimentary products to its existing portfolio.

“We believe the opportunity in organic vegetables and fruits is greater today than at any other period of time as the global trend towards healthy eating and wellness continues to drive strong demand on a global basis. Following our recent repositioning and with our diverse customer base and supply chain capabilities, we believe Organto is well-positioned to capture this market opportunity,” commented Steve Bromley, Chair and Interim Chief Executive Officer. “A great deal of effort has gone into repositioning our business, and with much of the heavy lifting now behind us, we are excited with the growth in our business and look forward to that continuing.”

Third Quarter Guidance

Sales of vegetable and fruit products including fresh organic asparagus, avocado and mango, have gained momentum in the third quarter and are continuing to grow across a variety of customers in the UK, the Netherlands, Spain, Russia, Sweden and Denmark. With the addition of a number of seasonal products including organic blueberries in late August, Organto expects revenues to continue to accelerate and record revenues are forecast for the month of August. Estimated revenues for the third quarter ending September 30, 2019 are expected to be in the range of CDN \$ 1.3 to \$1.5 million¹, a quarterly record for the Company and a significant improvement over the results for the first and second quarters of 2019.

While revenues for the first half of 2019 grew versus the first half of 2018, they were well below expectation primarily due to the aforementioned business repositioning and also to quality and supply challenges Organto experienced with the organic avocado program. This led to limited avocado revenues in these quarters while the Company worked to reestablish supply. Other product revenues were also impacted as

¹ Forecast is based on shipping a variety of organic and conventional products including avocados, berries, asparagus and other products with an average sales price ranging from CDN\$4-\$11/kilo of sold product. We anticipate sourcing products from numerous suppliers and countries including, but not limited to, México, Perú, Argentina, Zimbabwe and other countries.



Company resources were diverted to deal with the avocado program issues and due to lower demand on certain products as a result of local seasonal supply being available in key markets.

Medicannabis Transaction

Organto also announced on June 27, 2019 that it had entered into a Share Purchase Agreement to sell its shares of Medicannabis S.A.S., (“Medicannabis”), a Colombian company focused on the development of medicinal cannabis, to Xebra Brands Ltd. (“Xebra”) for a combination of shares of Xebra, cash and forgiveness of debt, with proceeds being used by the Company to expand its food business. With this transaction, Organto will continue to have an investment in the rapidly growing cannabis sector while focusing operationally on its core organic fruit and vegetables platform. Xebra is an emerging, privately held Canadian cannabis company developing high-margin cannabis-based consumer products, with a focus on cannabis infused beverages. Xebra intends to seek a public listing on the TSX Venture Exchange. As part of the agreement, Organto has been granted a ROFR (right-of-first refusal) to distribute Xebra’s cannabis products throughout Europe, leveraging Organto’s existing distribution capabilities in that market. The transaction remains subject to shareholder and TSX-V approval.

Guatemala Plant Transaction

On March 27, 2019 Organto announced that it had entered into an agreement to sell the Company’s processing plant and related assets in Patzun, Guatemala, aligning with the shift in Organto’s foods business strategy from an asset heavy to asset light business model. The transaction remains subject to shareholder and TSX-V approval which will be solicited in the near future together with the approval of the above referenced Medicannabis transaction.

Capital Structure

Upon approval of the sale of the Guatemala plant and sale of Medicannabis by shareholders, shares issued and outstanding will decline from approximately 170.5 million shares to 157.5 million shares, a decrease of approximately 7.6%. In addition, 25.3 million warrants have expired over the past two months with an additional 20.7 million warrants set to expire by September 11, 2019 (exercise prices ranging from \$0.15-\$0.17), representing an approximate 89% decrease in warrants outstanding. Subsequent to September 11, 2019, the Company will have 5.5 million warrants outstanding, excluding the proposed warrants as detailed below, with an exercise price of C\$0.20 that are exercisable until May 15, 2020.

Proposed warrants

In January 2019 Organto established a revolving line of credit with a Mexican bank for up to US\$500,000 with interest payable monthly at 12% on funds borrowed. The Company has applied to the TSX-V to issue 2,000,000 warrants to a director as consideration for his guarantee of the credit facility. Proposed terms of the warrants are an exercise price of \$0.15 and a term of 18 months.

ON BEHALF OF THE BOARD,

Steve Bromley
Chair and Interim Chief Executive Officer



Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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ABOUT ORGANTO

Organto's business model is rooted in its commitment to sustainable business practices focused on environmental responsibility and a commitment to the communities where it operates, its people and its shareholders. The Organto Foods Group is an integrated provider of year-round value-added branded organic vegetables and seasonal organic and non-GMO fruit and vegetable products using an asset-light business model to serve a growing socially responsible and health conscious consumer around the globe.

FORWARD LOOKING STATEMENTS

This news release may include certain forward-looking information and statements, as defined by law including without limitation Canadian securities laws and the "safe harbor" provisions of the US Private Securities Litigation Reform Act of 1995 ("forward-looking statements"). In particular, and without limitation, this news release contains forward-looking statements respecting Organto's business model and markets; Organto's integrated supply capabilities and plans to continue to develop and expand these capabilities; plans to expand product offerings; Organto's belief that the opportunity in organic vegetables and fruits is greater today than any other period in time; Organto's belief that as a result of repositioning the Company is well-positioned to capture the growing markets opportunity; Organto's expectation that revenues in August 2019 will be a record for the Company and revenues for the third quarter of 2019 will be in the range of CDN \$1.3 to \$1.5 million; Organto's belief that required approvals will be obtained for the Guatemala plant and Medicannabis transactions; management's beliefs, assumptions and expectations; and general business and economic conditions. Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including without limitation assumptions about the following: the ability and time frame within which Organto's business model will be implemented and product supply will be increased; cost increases; dependence on suppliers, partners and contractual counter-parties; changes in the business or prospects of Organto; unforeseen circumstances; risks associated with the organic produce business generally, including inclement weather, unfavorable growing conditions, low crop yields, variations in crop quality, spoilage, import and export laws and similar risks; transportation costs and risks; general business and economic conditions; and ongoing relations with distributors, customers, employees, suppliers, consultants, contractors and partners. The foregoing list is not exhaustive and Organto undertakes no obligation to update any of the foregoing except as required by law.

