



Organto Foods Inc.  
410 - 1111 Melville Street,  
Vancouver, BC  
Canada  
V6E 3V6  
Phone: +1 647 629 0018  
[www.organto.com](http://www.organto.com)

## Organto Releases Fiscal 2023 Financial Results

**Toronto, Ont., Canada and Breda, the Netherlands, October 8, 2024 – Organto Foods Inc. (TSX-V: OGO, OTCQB: OGOFF, FSE: OGF) (“Organto” or “the Company”)**, a provider of branded, private label and bulk distributed healthy and organic fruit and vegetable products today announced it has released its audited financial results for the year ended December 31, 2023. All amounts are expressed in Canadian dollars and in accordance with International Financial Reporting Standards (IFRS), except where specifically noted.

“While we realized continued growth in sales and gross profit during 2023, we were unable to attain the profitability targets we set for our business. As a result, we embarked on a significant restructuring with the goal of positioning our business for continued growth and long-term stability, but more importantly, a clear path to profitability. While there is still work to be done, we have made solid progress by streamlining our product portfolio to categories where we deserve to, and believe we can win, refocusing our marketing strategies and reducing costs via both internal reorganization and the sale of three operating subsidiaries. In addition, we are in the process of finalizing the restructuring of our convertible debenture obligations, which is expected to result in reduced debt levels and greater operating flexibility. We believe the impact of these initiatives will be apparent as we report our results in the coming periods.” commented Steve Bromley, Chair and Chief Executive Officer.

Bromley commented further, “With the filing of our audited financial statements for fiscal 2023 now complete, we expect to file our Financial Statements and accompanying Management Discussion and Analysis for the first and second quarters of 2024 in the coming weeks, and in doing so meet the key requirements to apply to have the current Cease Trade Order lifted. We appreciate the support and understanding we have received from our shareholders, debenture holders and key operating partners as we work through this restructuring period. We remain committed to building a world class foods company focused on serving growing healthy foods markets with the goal of building shareholder value.”

### ***Fiscal 2023 Results Overview***

- Sales of \$27.7 million versus sales of \$22.1 million in the prior year, an increase of approximately 25%. Fiscal 2023 sales represent the largest annual sales in the history of the Company.
- Gross profit of \$2.5 million or 8.9% of sales versus \$1.3 million or 5.7% of sales in the prior year, an increase in gross profit dollars of approximately 94% versus the prior year. Fiscal 2023 gross profit dollars represent the largest annual gross profit dollars

in the history of the Company. When adjusted for realized gains and losses on derivative assets and liabilities which are derived from currency hedging directly related to product purchases, adjusted gross profit <sup>(4)</sup> was approximately 8.1% of sales versus 7.1% in the prior year.

- Cash overhead costs for the year were 28.5% of sales versus 32.9% in the prior year. Cash operating costs were reduced in the back half of the year as a result of a reorganization that was undertaken to improve efficiencies.
- Operating loss including stock-based compensation was \$6.1 million versus \$6.9 million in the prior year. While improved on a dollar basis and as a percentage of sales, a further reduction was expected, and as a result the Company has undertaken the previously described restructuring.
- Net interest and accretion expenses were \$3.9 million versus \$1.5 million in the prior year. The increase was driven primarily by a one-time charge of \$1.9 million to accrete debentures, whose interest was payable in 2023, but not paid, to their face value.
- The net impact of foreign currency hedging activities included in gains and losses on derivative assets resulted in a loss of \$0.7 million in 2023 versus a gain in the prior year of \$0.3 million
- Impairment charges were \$2.7 million versus \$1.9 million in the prior year. The charges in 2023 include a reduction in the carrying values of certain grower advances of \$2.1 million versus \$0.6 million in the prior year, and the impairment of certain intangible assets of \$0.6 million versus \$1.3 million in the prior year.
- Net loss for the year was \$13.4 million versus \$10.8 million in the prior year. While operating losses improved, other charges including the impairment of certain assets, increased debenture accretion costs and losses on derivative assets led to the overall increase in net loss.

Interested parties may access the Company's filings including Audited Financial Statements and accompanying Management's Discussion and Analysis for the year ended December 31, 2023 at [www.SEDARplus.ca](http://www.SEDARplus.ca) or at the Company's website at [www.organto.com](http://www.organto.com) under the Investors tab.

ON BEHALF OF THE BOARD,

*Steve Bromley*  
Chair and 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.*

For more information contact:

**Investor Relations**

info@organto.com

John Rathwell, Senior Vice President, Corporate Development and Investor Relations

647 629 0018

- (1) The information presented herein refers to the non-IFRS financial measure of adjusted gross profit. We hedge currencies for certain product categories where either the supply or sales commitments are fixed in foreign currencies. The gains and losses from these hedging activities are combined with gross profit to determine adjusted gross profit. This measure is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. Non-IFRS financial measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS and are unlikely to be comparable to similar measures presented by other issuers. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective and thus highlight trends in its business that may not otherwise be apparent when relying solely on IFRS measures. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of the Company. The Company's management also uses non-IFRS financial measures to facilitate operating performance comparisons from period to period and to prepare annual operating budgets and forecasts.

## ABOUT ORGANTO

Organto is an integrated provider of branded, private label, and distributed organic and non-GMO fruit and vegetable products using a strategic asset-light business model to serve a growing socially responsible and health-conscious consumer around the globe. 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.

## 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 belief that while there is still work to be done, the Company has made solid progress in the restructuring of its business focused on a clear path to profitability; Organto's belief that its efforts to restructure its convertible debt portfolio is expected to result in reduced debt levels and greater operating flexibility; Organto's belief that with its 2023 financial statements now filed, it will file its first and second quarter 2024 financial statements in the coming weeks, and in doing so meet the key requirements of the Cease Trade Order under the securities legislation of British Columbia; Organto's belief that it remains focused on building a world class company focused on growing healthy foods markets with the goal of building shareholder value; Organto's belief that fiscal 2023 sales represent the largest annual sales in the history of the Company; Organto's belief that gross profit dollars for the year represents the largest annual gross profit in the history of the Company; 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.