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Organto Releases Fiscal 2024 First Quarter Financial Results

Vancouver, BC, Canada and Breda, the Netherlands, October 24, 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 financial results for the period ended March 31, 2024. All amounts are expressed in Canadian dollars and in accordance with International Financial Reporting Standards (IFRS), except where specifically noted.

“Our financial results for the first quarter reflect an improvement in both our loss from operations and net loss for the period. While improved, and heading in the right direction, we were unable to attain the profitability targets we set for our business. As a result, and as noted in our previous news releases, we have embarked on a significant restructuring with the goal of repositioning our business for profitable growth, and more importantly, a clear path to profitability and long-term stability. We believe we are making very good progress in our repositioning including streamlining our product portfolio to categories where we deserve and believe we can win, refocusing our marketing strategies and reducing our costs via both internal reorganization and the sale of three operating subsidiaries. In fact, the businesses retained following the sale of the three operating subsidiaries contributed very positive results in the first quarter, growing sales by 22% versus the prior year and generating positive gross profit. In addition, we continue to focus on 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 and financial statements for the first quarter of 2024 now complete, we expect to file our Financial Statements and Management Discussion and Analysis for the second quarter of 2024 in the coming days, and in doing so meet the key requirements to apply to have the current Cease Trade Order lifted. We are also confident that we will meet the deadline for filing of financial statements for the third quarter of 2024 in accordance with established regulatory timelines. The delays we experienced in filing our financial statements due to personnel and systems changes at the end of 2023 and beginning of 2024 were unfortunate and we appreciate the work done by all involved in completing these financial statements and working to bring our filings up to date. We also appreciate the continued support 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 global healthy foods markets with the goal of building long-term shareholder value.”

First Quarter 2024 Results Overview

- Sales of approximately \$6.7 million versus sales of approximately \$7.5 million in the prior year, a decrease of approximately 11%. Sales were up approximately 22% in businesses retained following the sale of subsidiaries in June 2024, while sales in businesses which were sold declined approximately 37%.
- Gross profit of approximately \$0.1 million or 2.1% of sales versus approximately \$0.7 million or 9.7% of sales in the prior year. When adjusted for realized gains derived from currency hedging directly related to product purchases, adjusted gross profit⁽¹⁾ was approximately 0.7% of sales versus 9.8% in the prior year. The decrease in gross profit was driven by a combination of working capital, product mix and supply challenges. The gross profit realized in businesses retained following the sale of the subsidiaries was positive but offset by the net negative margin of the subsidiaries sold.
- Cash overhead costs were approximately \$1.4 million versus approximately \$2.1 million in the prior year, a decrease of approximately 32%. The decrease in cash operating costs reflects the impact of efforts to streamline and simplify the business, refocused marketing strategies, and the realignment and refocusing of internal resources and spending.
- Operating loss from operations, including stock-based compensation, was \$1.4 million versus \$1.6 million in the prior year. While improved on a dollar basis as a result of refocusing our business and reducing overhead costs, a greater reduction was expected, and to achieve this reduction, the Company continues to review the efficiency of its operations as well as undertake the previously described restructuring.
- Net interest and accretion expenses were \$0.4 million versus \$0.3 million in the prior year. The increase was driven primarily by a one-time charge of \$0.1 million to accrete those debentures whose interest was payable in the first quarter of 2024 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 gain of \$0.4 million versus a loss in the prior year of \$0.1 million.
- Net loss for the period was \$1.5 million versus \$2.0 million in the prior year. The improvement stems from a reduced loss from operations as well as positive results from the Company’s currency hedging program.

Interested parties may access the Company’s filings including Financial Statements and accompanying Management’s Discussion and Analysis for the period ended March 31, 2024 at www.SEDARplus.ca or at the Company’s website at 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.

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- (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 the Company has made very good progress in the restructuring of its business and is 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 audited 2023 financial statements and first quarter 2024 financial

statements now filed, and its expectation that it will file its second quarter 2024 financial statements in the coming days, that it will meet the key requirements to have the Cease Trade Order rescinded under the securities legislation of British Columbia; Organto's belief that it will file its financial statements for the third quarter of 2024 in accordance with established regulatory guidelines; Organto's belief that it remains focused on building a world class company focused on growing healthy foods markets with the goal of building long-term shareholder value; 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.