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Organto Announces Fiscal 2022 and Fourth Quarter Financial Results and Reconfirms Previously Provided 2023 Sales and Gross Profit Margin Estimates

Vancouver, BC, Canada and Breda, the Netherlands, May 4, 2023 – Organto Foods Inc. (TSX-V: OGO, OTCQB: OGOFF, FSE: OGF) ("Organto" or "the Company"), an integrated provider of organic and value-added organic fruit and vegetable products today announced financial results for the year and quarter ended December 31, 2022, and reconfirmed sales and gross profit estimates for fiscal 2023. All amounts are expressed in Canadian dollars and in accordance with International Financial Reporting Standards (IFRS), except where specifically noted.

Highlights:

Fiscal 2022 Operating Highlights

- Sales of $22,124,527 versus sales of $19,518,647 in the prior year, an increase of approximately 22% on a currency adjusted basis, and 13% unadjusted. Fiscal 2022 sales represent the largest annual sales in the history of Organto and were achieved despite the impacts of the Russia Ukraine war, supply chain challenges, currency fluctuations and rapidly rising inflation.
- Gross profit of $1,264,667 or 5.7% of sales versus $1,986,630 or 10.2% of sales in the prior year. When adjusted for the realized gain on derivative assets of $296,304 which is from currency hedging directly related to product purchases, adjusted gross profit[(1)] was $1,560,971 or approximately 7.1% of sales. Gross profit for the year was impacted by significant supply chain, inflationary and supply chain challenges. The Company continues to take a variety of actions to address these challenges and expects these to have a positive impact moving forward.
- Cash overhead costs for the year were 32.1% of sales, 24.3% on an adjusted basis, versus 29.0% in the prior year. These costs include investments in infrastructure and resources required to support growth initiatives. These costs include expenditures not related to day-to-day operations of $1,722,589 including retail branded product development and on-line digital transformation activities, acquisition activities and corporate development costs, all of which are expected to generate positive future benefits.

Fourth Quarter 2021 Operating Highlights

- Fourth quarter sales of $5,466,870 versus sales in the prior year of $5,075,141, an increase of approximately 8% versus the same quarter in the prior year. Sales in the fourth quarter represent the largest fourth-quarter sales in the history of Organto and fourteenth consecutive of currency adjusted revenue growth versus the same quarter in the prior year. Allowing for the year over year impact of the decline of the Euro versus the Canadian dollar, sales increased approximately 11%.
- Fourth quarter gross profit of $219,855 or 4.0% of sales versus $350,810 or 6.9% of sales in the prior year. When adjusted for the realized gain on derivative assets of $107,227 which is from currency hedging directly related to product purchases, adjusted gross profit[(1)] was $327,082 or approximately 6.0% of sales. Gross profit in the quarter was impacted by significant supply chain and inflation related challenges that were experienced during the quarter.
- Cash overhead costs for the quarter were 35.2% of sales, 26.6% on an adjusted basis, versus 32.5% in the prior year. These costs include investments in infrastructure and resources required to support growth initiatives. These costs include expenditures not related to day-to-day operations of $470,462 retail branded product development and on-line digital transformation activities, acquisition activities and corporate development costs, all of which are expected to generate positive future benefits.

Balance Sheet Highlights as at December 31, 2021

- Cash on hand of $5,769,979.
- Working capital of $2,867,046.
- Non-current liabilities of $7,457,698.

Fiscal 2023 Estimates Reconfirmed

- The Company reconfirmed fiscal 2023 sales and gross profit estimates, as previously disclosed on January 30, 2023, as follows:
    - Expected $CDN sales dollar growth of approximately 135% versus fiscal 2022.
    - Expected $CDN gross profit dollar growth of approximately 200% versus fiscal 2022.
    - Expected to be EBITDA positive during the back half of 2023.
    - Integration of recently acquired The New Fruit Group (see January 3rd news release) over the course of the year.

"In 2022, our business realized sales growth of approximately 22% on a currency adjusted basis, despite significant macroeconomic challenges impacting the industry and our business including a rapid increase in inflation, supply chain challenges, rapid changes in foreign exchange, and the Russia/Ukraine war, all of which impacted our customer base, supply chains, and costs. Despite these challenges, we were able to realize record sales, continue to develop our brands and related technologies, and complete the strategic and accretive acquisition of the New Fruit Group." commented

Steve Bromley, Chair and Co-CEO of Organto Foods Inc. and Rients van der Wal, Co-CEO of Organto Foods Inc. and CEO of Organto Europe BV.

"As we enter 2023, we continue to implement actions to address many of the challenges we faced in 2022 and believe we are well-positioned moving forward to capture the opportunities in the product segments within which we operate. We remain intently focused on our three core operational strategies of i) building supply and expanding our product portfolio, ii) building our brands, and iii) responsibly building our infrastructure to support our growth, combined with our accretive acquisition strategy." added Steve Bromley, Chair and Co-CEO and Rients van der Wal, Co-CEO of Organto Foods Inc. and CEO of Organto Europe BV.

Detailed Operating Results Commentary

Fiscal 2022 Results

Sales for the year ended December 31, 2022 were $21,124,257 as compared to $19,518,647 in the prior year, an increase of approximately 13%. When measured in Euros, sales increased approximately 22% versus the prior year. While volumes of many product categories continued to grow, sales were impacted by i) the impact of the Russia/Ukraine war which significantly impacted the Company's sales into the Russian market; ii) supply chain challenges which impacted the timing, cost and availability of freight and the shipping containers required to deliver raw materials to Europe, plus impacted processing and local delivery costs; and iii) our decision to take a "risk-off" approach for periods of time on longer lead time supply chains such as avocado and ginger, in an attempt to mitigate significant risks caused by a combination of increased transit times, potential product quality issues and price volatility.

The Company realized a gross profit of $1,264,667 or approximately 5.7% of sales in 2022 as compared to a gross profit of $1,986,630 or approximately 10.2% of sales in the prior year. In early 2022, the Company implemented a foreign currency hedging program for certain product categories where both the supply and sales commitments are fixed in foreign currencies. As a result, the Company realized a gain on derivative assets from our hedging program of $296,304, which while related to product purchases, is reported separately. Including this gain, adjusted gross profit[(1)] was $1,560,972 or approximately 7.1 % of sales. Increased supply chain costs, plus the rapid increase in inflation impacted gross margin in 2022.

Selling, general and administration expenses were $2,867,069 or 13.0% of sales for 2022 as compared to $2,278,294 or 11.7% of sales in the prior year. Included in 2022 are costs associated with our acquisition program of $286,880 and $460,325 related to the development of our retail branded and on-line product platforms.

Management fees in 2022 were $1,004,409 compared to $962,988 in the prior year and in line with expectations.

Labour costs and benefits during 2022 were $3,413,401, a significant increase versus the prior year but within expectations given the increased volume of commercial activity and our recent acquisitions completed. With commercial activities growing and expected to accelerate, operating personnel have been added to support this growth, develop new products and sales opportunities and support the organization for

expected future growth. Included in 2022 labour costs and benefits are labour costs incurred by Beeorganic which are new for the Company in 2022. Also included are $885,004 of costs related to the development of our branded and on-line product platforms and $90,380 for costs associated with our acquisition program.

As detailed above, during 2022 the Company incurred costs of $1,722,589 of which $1,345,329 were related to the development of its retail branded product offering and on-line go-to-market capabilities and $377,261 of costs associated with our acquisition program. While the benefits of these activities have yet to translate into significant bottom-line contribution, the Company believes these are prudent investments for the future of the Company.

The Company recognized $917,017 in stock-based compensation in 2022 which consists of $198,375 for restricted share units and $718,642 for stock options. Stock-based compensation in 2021 totaled $1,320,909 and consisted of $423,118 for restricted share units and $897,791 for stock options.

Net interest and accretion expense for 2022 was $1,526,439 as compared to $971,287 for the prior year. Interest in 2022 consists of interest on our convertible debentures and accounts receivable factoring costs. Accretion in 2022 consists of accretion on the convertible debentures and earn-out payments accrued in relation to the Fresh Organic Choice and Beeorganic acquisitions. The additional convertible debentures issued in November 2021, together with higher factoring costs resulting from increased commercial activity, led to higher expenses in 2022. Interest expense in 2022 was offset by $75,006 of interest income received.

The Company recognized a loss of $529,003 in 2022 primarily on the revaluation of grower advances. The loss from the revaluation of grower advances was partially offset by the government grant received in late 2022 and the gain we realized on the settlement of a legal claim brought against our subsidiary in Guatemala in late 2021.

At December 31, 2022 the Company revalued the shares of Xebra that they own and recorded an unrealized loss of $959,074 for 2022. The valuation acknowledges that a portion of the Xebra shares we own are subject to trading restrictions which expire between March 2023 and September 2023. The carrying value of the Xebra shares of $92,541 at December 31, 2022 represents a discount to their market value of $98,438 to reflect these trading restrictions. At December 31, 2021 the Company revalued its shares of Xebra to a carrying value of $1,051,615, a discount to their market value of $1,246,886 reflecting trading restrictions and recognized a net valuation gain of $587,209.

The difference between the cost to acquire US dollars through forward currency exchange contracts and the spot market at the time of purchase has been recorded as a realized gain on derivative assets of $296,304 in the year ended December 31, 2022. These forward currency exchange contracts were used exclusively for product purchases and the gains realized, while reported separately as realized gains on derivative assets, were designed to offset the reported cost of sales.

The carrying value of the derivative asset represents the difference between the cost to acquire US dollars on the spot market and through the forward currency exchange contracts at December 31, 2022. These contracts allowed the Company to purchase US

dollars for less than by acquiring them on the spot market, resulting in the recognition of a derivative asset and an unrealized gain on derivative assets of $25,314 for the year ended December 31, 2022.

In 2022 the Company realized a net loss on the settlement of debt of $68,206. The loss includes a $96,467 loss on the settlement of debentures that matured in December 2022 and were settled with new debentures maturing in December 2024. The loss on the debentures was offset partially by gains on the settlement of certain accounts payable. The cash portion of the loss on the debentures was $55,284 for finder's fees paid in cash.

The Company's operations faced many challenges in 2022 as sales were impacted by the Russia/Ukraine war and costs were impacted by supply chain challenges and rapidly rising inflation. While the company believes that the industry will improve and return to pre-2022 conditions, the timing of such a turnaround cannot be determined with certainty. As a result, the Company took a conservative approach when it reviewed the carrying values of its intangible assets and earnout liabilities at December 31, 2022. By assuming that current market conditions will slowly improve, rather than recover quickly, the Company reduced the carrying value of the goodwill and intangible assets it recognized on the acquisitions of Fresh Organic Choice in January 2021, and Beeorganics and the ZMS assets in late 2021 from $1,844,213 at December 31, 2021 to $550,338 at December 31, 2022 and recognized an impairment charge of $1,281,704 during the year. The Company also reduced the carrying value of the Fresh Organic Choice and Beeorganics earnout liabilities to zero and recorded a gain in 2022 of $198,274 on the revaluation of these earnout liabilities. A reduction in the provision for deferred income taxes which recognizes the non-deductibility of certain intangible assets and goodwill resulted in a recovery of $66,700. Net of these gains, the impairment charge was $1,016,730.

Foreign exchange gains and losses may arise from transactions incurred in currencies other than the functional currency of the Company and its subsidiaries. We reported a foreign exchange loss of $113,148 for 2022 as compared to a loss of $101,741 in 2021.

The Company reported a net loss of $10,828,211 during the year ended December 31, 2022, as compared to a net loss of $6,340,664 during the prior year. Operations were impacted by a number of macroeconomic challenges in 2022 including the impact of the Russia/Ukraine war, the decline of the Euro versus a number of global currencies, supply chain challenges and rapidly rising inflation. As a result, the Company took a prudent "risk off" approach for periods of time on certain product categories to manage our potential downside risks and preserve cash. When measured in Euros, sales increased approximately 22% versus the prior year yet only approximately 13% when reported in CDN dollars due to the reduction in the value of the Euro versus the Canadian dollar. Gross profit was impacted by supply chain and inflationary pressures, combined with the decline in the Euro which further impacted product margin spreads. Costs increased as the Company invested in its business, expanded its workforce and built out its internal infrastructure to accommodate expected growth in its business. In addition to a $959,074 unrealized loss on the revaluation of its investment securities versus a gain of $587,209 in the prior year and a non-cash loss of $1,016,730 on the revaluation of intangible assets and goodwill, results for 2022 include $1,722,589 of costs not related to day-to-day operations including on-line platform and branded

product development costs and costs incurred as the Company evaluated acquisition opportunities.

Fourth Quarter 2022 Results

Sales for the three months ended December 31, 2022 were $5,466,870 as compared to $5,075,141 during the same period in the prior year, an increase of approximately 8% versus the same quarter in the prior year. When measured in Euros, sales increased approximately 11% versus the same period in the prior year. This quarter represents the Company's fourteenth consecutive quarter of currency adjusted revenue growth versus the same quarter of the prior year. While volumes of many product categories continued to grow, sales were impacted in the quarter by i) the impact of the Russia/Ukraine war which significantly impacted sales into the Russian market; and ii) supply chain challenges which impacted the timing, cost and availability of freight and the shipping containers required to deliver raw materials to Europe, plus impacted processing and local delivery costs.

The Company realized a quarterly gross profit of $219,855 or approximately 4.0% of sales in the fourth quarter of 2022 as compared to a gross profit of $350,810 and 6.9% during the same quarter of the prior year. The Company hedges currencies for certain product categories where both the supply and sales commitments are fixed in foreign currencies. In the fourth quarter, the Company realized a gain on derivative assets from its hedging program of $107,227, which while related to product purchases, is reported separately. Including this gain, adjusted gross profit(1) was $327,082 or approximately 6.0% of sales. Increased supply chain costs, plus the rapid increase in inflation, negatively impacted gross profit in the quarter.

Selling, general and administration expenses were $916,142 or 16.8% of sales this quarter as compared to $768,906 or 15.2% of sales in the same quarter of the prior year. Included in 2022 are costs associated with our acquisition program of $127,123 and $60,669 related to the development of our retail branded and on-line product platforms.

Management fees in the current quarter were $238,986 compared to the $259,403 recorded in the same quarter of the prior year and in line with expectations.

Labour costs and benefits during the fourth quarter were $917,048, a significant increase versus the same quarter of the prior year, but within expectations. With commercial activities growing and expected to accelerate, operating personnel have been added to support this growth, develop new products and sales opportunities and support the organization for expected future growth. Included in 2022 fourth quarter labour costs and benefits are labour costs incurred by Beeorganic which are new for the Company in 2022. Also included are $43,585 for costs associated with our acquisition program and $239,086 related to the development of our retail branded and on-line product platforms.

As detailed above, during the fourth quarter of 2022 the Company incurred costs of $470,462 of which $299,755 were related to the development of its retail branded product offering and on-line go-to-market capabilities and $170,707 of costs associated with our acquisition program. While the benefits of these activities have yet to translate

into significant bottom-line contribution, the Company believes these are prudent investments for the future of the Company.

The Company recognized $231,533 in stock-based compensation in the fourth quarter of 2022 which consists of $63,646 for restricted share units and $167,888 for stock options. Stock-based compensation for the fourth quarter of 2021 totaled $560,483 and consisted of $137,704 for restricted share units and $422,779 for stock options.

Net interest and accretion expense for the fourth quarter of 2022 was negative $180,225 as compared to $350,454 for the prior year. An adjustment to the accretion of the November 2026 series of convertible debentures resulted in a $690,122 favorable adjustment to previously expensed accretion in 2022. Interest consists of interest on our convertible debentures and accounts receivable factoring costs. Accretion in 2022 consists of accretion on the convertible debentures, including the adjustment made in this quarter, and earn-out payments accrued in relation to the Fresh Organic Choice and Beeorganic acquisitions. The additional convertible debentures issued in November 2021, together with higher factoring costs resulting from increased commercial activity, led to the higher expense before the adjustment in 2022. Interest expense in the fourth quarter of 2022 was offset by $33,728 of interest income.

The Company recognized a loss of $589,501 in the fourth quarter of 2022 on the revaluation of grower advances. This was partially offset by the government grant for a net other loss of $508,035.

At December 31, 2022 the Company revalued the shares of Xebra that they own and recorded an unrealized loss of $90,683 for the fourth quarter of 2022. The valuation acknowledges that a portion of the Xebra shares the Company owns are subject to trading restrictions which expire between March 2023 and September 2023. The carrying value of the Xebra shares of $92,541 at December 31, 2022 represents a discount to their market value of $98,438 to reflect these trading restrictions. At December 31, 2021 the Company revalued its shares of Xebra to a carrying value of $1,051,615, a discount to their market value of $1,246,886 reflecting trading restrictions and recognized a net valuation gain of $493,798 in the fourth quarter.

In order to hedge the Company's exposure to fluctuations in the US dollar vs Euro exchange rate, one of the Company's European subsidiaries established a hedging facility in the first quarter of 2022 with a European financial services company for forward currency exchange contracts. The difference between the cost to acquire US dollars through the forward currency exchange contracts and the spot market at the time of purchase has been recorded as a realized gain on derivative assets of $107,227 in the fourth quarter. These forward currency exchange contracts were used exclusively for product purchases and the gains realized, while reported separately as realized gains on derivative assets, were designed to offset the reported cost of sales.

The carrying value of the derivative asset represents the difference between the cost to acquire US dollars on the spot market and through the forward currency exchange contracts at December 31, 2022. These contracts will allow the Company to purchase US dollars for less than by acquiring them on the spot market, resulting in the recognition of a derivative asset and an unrealized loss on derivative assets of $211,091 for the current quarter.

In the fourth quarter of 2022 the Company realized a net loss on the settlement of debt of $68,206. The loss includes a $96,467 loss on the settlement of debentures that matured in December 2022 and were settled with new debentures maturing in December 2024. The loss on the debentures was offset partially by gains on the settlement of certain accounts payable. The cash portion of the loss on the debentures was $55,284 for finder's fees paid in cash.

The Company's operations faced many challenges in 2022 as sales were impacted by the Russia/Ukraine war and costs were impacted by supply chain challenges and rapidly rising inflation. While the company believes that the industry will improve and return to pre-2022 conditions, the timing of such a turnaround cannot be determined with certainty. As a result, the Company took a conservative approach when it reviewed the carrying values of its intangible assets and earnout liabilities at December 31, 2022. By assuming that current market conditions will slowly improve, rather than recover quickly, the Company reduced the carrying value of the goodwill stemming from the acquisitions of its two subsidiaries, Fresh Organic Choice and Beeorganics and the acquisition of the assets of ZMS, from $1,844,213 at December 31, 2021 to $550,338 at December 31, 2022 and recognized an impairment charge of $1,281,704 during the year. The Company also reduced the carrying value of the Fresh Organic Choice and Beeorganics earnout liabilities to zero and recorded a gain in 2022 of $198,274 on the revaluation of these earnout liabilities. A reduction in the provision for deferred income taxes which recognizes the non-deductibility of certain intangible assets and goodwill resulted in a recovery of $66,700. Net of these gains, the impairment charge was $1,016,730.

Foreign exchange gains and losses may arise from transactions incurred in currencies other than the functional currency of the Company and its subsidiaries. The Company reported a foreign exchange loss of $71,707 this quarter as compared to a loss of $66,020 during the same quarter last year.

The Company reported a net loss of $3,762,854 during the fourth quarter of 2022, compared to a net loss of $1,988,977 during the same period in the prior year. Operations were impacted by a number of macroeconomic challenges in the fourth quarter including the impact of the Russia/Ukraine war, the decline of the Euro versus a number of global currencies, supply chain challenges and rapidly rising inflation. Sales increased 8%, or 11% when measured in Euros, versus the fourth quarter of the prior year. Gross profit was impacted by supply chain and inflationary pressures, combined with the decline in the Euro which further impacted product margin spreads. Costs increased as the Company invested in its business, expanded its workforce and built out its internal infrastructure to accommodate expected growth in its business in 2023 and beyond. In addition to $1,318,504 in unrealized losses on the revaluation of the Company's derivative assets, investment securities and intangible assets, fourth quarter 2022 results include $470,462 of costs not related to day-to-day operations including on-line platform and retail branded product development costs and costs incurred as we evaluated acquisition opportunities.

Interested parties may access the Company's filings at www.SEDAR.com or at the Company's website at www.organto.com under the Investors tab.

ON BEHALF OF THE BOARD,

Steve Bromley
Chair and Co-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. 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 preliminary sales estimates for 2023 will be 135% higher on a year over year basis and preliminary gross profit dollar growth will be approximately 200% higher on a year-over-year basis; Organto's belief that it will be EBITDA positive during the back half of 2023; Organto's belief that demand for fresh organic fruits and vegetable products produced in a sustainable and transparent manner continues to grow; Organto's belief that it is well positioned to capture opportunities in these segments; Organto's belief that despite significant

macroeconomic challenges including supply chain disruptions, rapid changes in foreign currency, the lingering effects of the COVID-19 pandemic plus the Russia/Ukraine war, the business has performed well and realized record sales among other accomplishments; Organto's belief that the acquisition of the New Fruit Group completed in 2023 is a positive addition to the Company's portfolio; 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.