Organto Foods Inc.
410 - 1111 Melville Street
Vancouver, BC V6E 3V6
Canada
www.organto.com

Organto Foods Announces Second Quarter 2025 Financial Results

Toronto, Ont., Canada and Breda, the Netherlands, August 26, 2025 – Organto Foods Inc. (TSX-V: OGO, OTCQB: OGOFF, FSE: OGF) ("Organto" or "the Company"), is pleased to announce its financial results for the three and six-month periods ended June 30, 2025. All amounts are expressed in Canadian dollars and in accordance with International Financial Reporting Standards (IFRS), except where specifically noted.

Hi-Lites

Quarter Ended June 30, 2025

- Second quarter sales of $17.2 million, an increase of 291% versus the prior year. Largest quarterly sales in the history of the Company and representing 83% of total fiscal 2024 sales of $20.7 million.
- Gross profit of $1.3 million, an increase of 352% versus the prior year. Largest quarterly gross profit dollars in the history of the Company.
- Cash operating expenses of 6.8% of sales versus 13.4% in the prior year. Cash operating costs as percentage of sales improved as business scales and overheads are leveraged.
- EBITDA[(1)] (Earnings before interest, taxes, depreciation and amortization) of $(0.5) million, reflecting improved operating results offset by the impact of losses on derivatives used to manage currency risk.

Six-Month Period Ended June 30, 2025

- Sales of $30.8 million, an increase of 241% versus the prior year, and already 49% greater than fiscal 2024 total sales of $20.7 million.
- Gross profit of $2.4 million, an increase of 325% versus the first six months of the prior year, and already 35% greater than fiscal 2024 total gross profit of $1.8 million.
- Cash operating expenses of 6.7% of sales versus 11.3% in the prior year. Cash operating costs as percentage of sales demonstrate continued improvement as the business scales and overheads are leveraged.
- EBITDA[(1)] (Earnings before interest, taxes, depreciation and amortization) of $(0.2) million versus $(0.5) in the prior year, reflecting improved operating results offset by the impact of losses on derivatives used to manage currency risk.
- Balance sheet significantly strengthened as a result of improved operations, debt restructuring and financing activities:

- Working capital of $0.2 million versus negative working capital of $14.6 million at December 31, 2024.
- Short-term loans and convertible debentures reduced to $2.5 million versus $12.5 million at December 31, 2024.

“We're quite pleased with our results thus far in 2025, which we believe are a solid reflection of the strong momentum we are building in our business. These results are the result of the extensive restructuring and business realignment we've executed over the past 18 months, which we believe sets a solid foundation for sustained growth, stability, and a clear path to profitability. We are also very pleased to have completed a number of actions to strengthen our financial position including shares-for-debt settlements, conversion of our 8% convertible debentures into equity, extension of the maturity of our 10% convertible notes, and a series of successful private placements. The combination of our restructured and growing business and strengthened financial position, leads to our excitement as we work to build a world-class company serving growing healthy foods market, and in doing so creating lasting value for our partners, customers, team members and shareholders”, commented Steve Bromley, Co-Chair and Chief Executive Officer.

Fiscal 2025 Second Quarter Results Overview

- Sales of $17.2 million versus $4.4 million in the prior year, an increase of approximately 291%. Sales grew as new customers were added, while a number of existing customers increased their purchases. Q-2 sales represent the largest quarterly sales in the history of the Company and 83% of total fiscal 2024 sales of $20.7 million.
- Gross profit of $1.3 million or 7.4% of sales, versus $0.3 million or 6.4% of sales in the prior year, an increase of approximately 325% in gross profit dollars. Adjusted gross profit[(1)] was $0.7 million or 4.1% of sales when accounting for the impact of realized currency hedging activities, versus $0.3 million or 5.8% of sales in the prior year.
- Cash operating expenses of $1.2 million or 6.8% of sales versus $0.6 million or 13.4% of sales in the prior year. Operating expenses have stabilized following the sale of three subsidiaries in Q-2 2024, though have increased due to the assumption of operating expenses that were previously borne by the subsidiaries sold, as well as incremental costs to support the growth of our business.
- Loss from operations of $0.3 million versus a loss of $0.4 million in the prior year.
- Net loss for the period of $7.4 million after accounting for interest and accretion costs of $0.2 million and realized and unrealized losses on derivative assets and liabilities totaling $2.5 million. Net loss also includes a number of non-recurring costs including debt restructuring costs of $0.7 million and losses on the settlement of debt of $3.8 million. Net income in the prior year was $2.1 million, driven by a gain from the dissolution of one of the Company’s subsidiaries of $0.4 million and income related to the sale of three operating subsidiaries of $2.3 million, offset by losses related to continuing operations.

Fiscal 2025 Six-Month Results Overview

- Sales of $30.8 million versus $9.0 million in the prior year, an increase of approximately 241%. Sales have grown as new customers have been added, and a number of existing customers have increased their purchases. Six-month sales represent an increase of 49% over total fiscal 2024 sales of $20.7 million, which were previously the largest annual sales for the Company.
- Gross profit of $2.4 million or 7.7% of sales, versus $0.6 million or 6.2% of sales in the prior year, an increase of approximately 325% in gross profit dollars. Adjusted gross profit[(1)] was $1.8 million or 6.0% of sales when accounting for the impact of realized currency hedging activities, versus $0.5 million or 5.2% of sales in the prior year.
- Cash operating expenses of $2.1 million or 6.7% of sales versus $1.0 million or 11.3% of sales in the prior year. Operating expenses have stabilized following the sale of three subsidiaries in Q-2 2024, though have increased due to the assumption of operating expenses that were previously borne by the subsidiaries sold, as well as incremental costs to support the growth of our business.
- Loss from operations of $0.1 million versus a loss of $0.6 million in the prior year.
- Net loss for the period of $7.6 million after accounting for interest and accretion costs of $0.5 million and realized and unrealized losses on derivative assets and liabilities totaling $2.7 million. Net loss also includes a number of non-recurring costs including debt restructuring costs of $0.7 million and losses on the settlement of debt of $3.8 million. Net income in the prior year was $0.6 million, driven by a gain from the dissolution of one of our subsidiaries of $0.4 million and income related to the sale of three operating subsidiaries of $1.3 million, offset by losses related to continuing operations.

The Company's filings, including Audited Financial Statements and accompanying Management's Discussion and Analysis for the year ended December 31, 2024 are available at www.SEDARplus.ca or at the Company's website at www.organto.com under the Investors tab.

Update on Private Placement

As previously announced on July 31 and August 19, the Company is in the process of closing a non-brokered private placement of 16,000,000 units at a price of $0.50 per unit, with each unit consisting of one common share and one-half common share purchase warrant. The warrants will be exercisable at $0.75 per share for 18 months, with acceleration rights if the share price reaches or exceeds $1.00 for ten consecutive trading days.

Proceeds from the private placement are intended to be used to continue the growth of the Company's organic and fairtrade fruit and vegetable products, further develop the Company's technology platform, and support general working capital requirements, and may also be used to repay part of the Company's short-term debt.

ON BEHALF OF THE BOARD,

Steve Bromley
Co-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:
info@organto.com
John Rathwell, Senior Vice President, Corporate Development
647 629 0018

(1) The information presented herein refers to the non-IFRS financial measures of adjusted gross profit and EBITDA. 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. We also refer to EBITDA, which is Earnings before interest, taxes, depreciation and amortization. These two measures are not recognized measures under IFRS and do 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 FOODS

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 solid progress in the restructuring and realignment of its business focused on a clear path to profitability, sustained growth and long-term stability; Organto's belief that the impact of these restructuring efforts is a key driver of its second quarter and six-month results; Organto's belief that the combination of financing and debt restructuring efforts combined with strong sales and margin growth on a streamlined cost base positions the Company for an exciting future; Organto's belief that it remains focused on building a world class company focused on growing healthy foods markets with the gaol of building 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.