

## Organto Announces Record Second Quarter Results

### *Largest Quarterly Revenues and Gross Profit in Company's History*

**Vancouver, BC, Canada, August 19, 2020 – Organto Foods Inc. (TSX-V: OGO, OTC: OGOFF) (“Organto” or “the Company”)**, an integrated provider of fresh organic fruits and vegetables today announced financial results for the second quarter ended June 30, 2020. All amounts are expressed in Canadian dollars and results are reported in accordance with International Financial Reporting Standards (IFRS), except where specifically noted.

#### **Highlights:**

- Second quarter revenues of \$2,163,955, an increase of approximately 3,350% versus the same quarter in the prior year. Second quarter revenues represent the largest quarterly revenues in the history of Organto.
- Year-to-date revenues of \$3,773,775, an increase of approximately 1,850% versus the same period in the prior year. Revenues for the first six months of fiscal 2020 exceed revenues for the full twelve months of fiscal 2019.
- Gross profit of \$232,504 or 10.7% of revenues, an increase of approximately 2,700% versus the same quarter in the prior year, and the largest quarterly gross profit in the history of Organto.
- YTD gross profit of \$392,981 or 10.4% of revenues, versus negative gross profits of (\$22,866) for the same period in the prior year.
- Overhead costs in the second quarter, including certain costs related to financings completed during the quarter, reduced to 29.8% of revenues versus 36.4% in the first quarter of 2020 and over 100% in the prior year.
- Balance sheet strengthened with cash position of \$1,577,017 and working capital deficit improved versus Q-1 2020 by \$3,131,759.

“Our second quarter results represent our fourth consecutive quarter of record revenues and the largest revenue and gross profit quarter in our history. We are pleased with our progress, and when combined with our recently completed oversubscribed financings, we believe we are well positioned for exciting growth.” commented Steve Bromley, Chair and Interim CEO of Organto. “Demand for fresh organic fruits and vegetables continues to grow, driven by increased consumer interest in healthy foods that are produced in a sustainable and transparent manner. We believe our cost-effective and flexible business model has proven its value and that we are well positioned to benefit from market demand. The funds raised from our recently closed financings will be used to expand our supply and range of product offerings and accelerate our growth, enabling our business to ramp up to an annualized revenue run rate of CDN \$20 million and achieving cash-flow breakeven by year-end, both key milestones in our strategic plan.”

#### **Second Quarter Results**

Revenues for the second quarter were a record \$2,163,955, an increase of approximately 3,350% versus the same quarter in the prior year. Second quarter revenues were the largest quarterly revenues in the Company's history, driven sales of organic and non-GMO avocado, asparagus, ginger and a range of soft fruits.



Gross profit was \$232,504 or 10.7% of revenues, also a record and the largest quarterly gross profit in the Company's history, versus gross profit of \$8,265 in the prior year.

Selling, general and administrative expenses in the quarter were \$188,822 versus \$229,231 in the prior year, a decrease of 17.7%, due to primarily to streamlined administration processes and reduced professional fees. Included in current quarter costs are approximately \$25,000 related to the convertible note and equity financings which were completed during the quarter. Management fees in the quarter were \$158,441 versus \$159,058 in the prior year, while salaries and benefits in the quarter were \$232,013 versus \$109,208 in the prior year. The increase in salaries and benefits was as expected, driven by incremental commercial and administrative resources required to both support growth realized to date and position the business for continued future growth. Non-cash stock-based compensation was \$65,21 in the quarter versus \$67,526 in the prior year.

Loss from continuing operations in the second quarter was \$355,724 or \$0.00 per common share versus a loss of \$556,381 or \$0.00 per common share in the prior year. Net loss for the second quarter was \$355,724 versus net income of \$743,974 in the prior year. During the second quarter of 2019 the Company realized a gain from discontinued operations of \$1,300,355 representing the sale of the Company's medicinal cannabis operations.

At June 30, 2020, Organto's balance sheet reflected total assets of \$4,468,718 including cash of \$1,577,017. Included in liabilities is short-term loans payable of \$704,946 and non-current debt of \$2,007,500.

Interested parties may access the Company's filings at [www.SEDAR.com](http://www.SEDAR.com) or at the Company's website at [www.organto.com](http://www.organto.com) under the Investors tab.

### **Extension of Bridge Loans**

On April 28, 2020 the Company announced that it had reached an agreement with a former executive and director (the "Bridge Lender") of the Company to extend certain bridge loans originally made in 2018, and to grant 1.5 million warrants to the Bridge Lender at a strike price of C\$0.065 per share for a period of 18 months subject to TSX regulations. The Company has received TSX Venture Exchange acceptance and the warrants have been issued. As per TSX Venture Exchange policy 5.1, the expiry date for a pro-rata portion of the warrants will be accelerated for any loan payments made between May 2020 and May 2021.

### **Stock Option Grants**

Organto also announced that it has granted 750,000 stock options to employees as per the terms of the Company's Share Option Plan. These options have an exercise price of CDN \$0.10 with a term of five years, with 20% vesting immediately and 20% on each anniversary thereafter.

### **Shares for Debt Settlement**

Organto also announced that it has entered into an agreement with a service provider to convert CDN \$69,795.50 of amounts due into common shares of the Company at a price of CDN \$0.10 per share, subject to TSX Venture Exchange acceptance.



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. Organto is an integrated provider of private label and bulk distributed 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 belief based on progress in the business and recently completed financings, that the business is well positioned for exciting growth; Organto's belief demand for fresh organic fruits and vegetables continues to grow; Organto's belief that their cost-effective and flexible business model has proven its value; Organto's belief that it will be able to ramp-up to an annualized revenue run rate of \$20 million and cash-flow breakeven by the end of 2020; 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.

