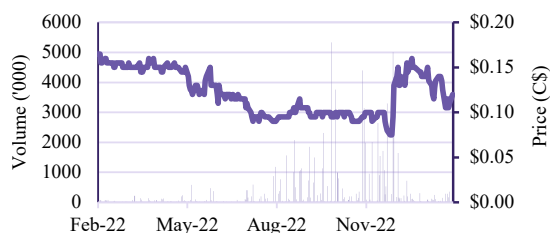


## Organto Foods Inc.

OGO.V-TSXV: \$0.120  
Rating: Speculative Buy  
Target: C\$0.25

Valuation				
Calendar Year	2021	2022e	2023e	2024e
Revenue (C\$MM)	\$19.5	\$22.8	\$50.1	\$58.6
<i>Previous</i>		N/C	N/C	N/C
Adj. EBITDA (C\$MM)	(\$3.5)	(\$5.5)	(\$3.9)	(\$1.7)
<i>Previous</i>		N/C	N/C	N/C
Adj. EBITDA Margin	(17.8%)	(24.3%)	(7.9%)	(2.9%)
Diluted EPS (C\$)	(\$0.02)	(\$0.03)	(\$0.02)	(\$0.01)
<i>Previous</i>		N/C	N/C	N/C
EV/Sales (CY)	1.9x	1.6x	0.7x	0.6x
EV/Adj. EBITDA (CY)	NEG	NEG	NEG	NEG
P/E (CY)	NEG	NEG	NEG	NEG
2022e				
	Q1	Q2	Q3	Q4e
Revenue (C\$MM)	\$7.0	\$5.1	\$4.5	\$6.1
Adj. EBITDA (C\$MM)	(\$1.1)	(\$1.6)	(\$1.3)	(\$1.5)
Stock Data				
Price	C\$0.12			
52-Week Range	C\$0.07 - C\$0.18			
Avg Daily Vol (3-Mo)	651,912			
Shares Basic / Diluted (MM)	284.5 / 308.7			
Basic/Dil. Market Cap (C\$MM)	\$34 / \$37			
Cash (C\$MM)	\$7			
Debt including converts (C\$MM)	\$10			
F/D Enterprise Value (C\$MM)	\$37			
Mgmt, Dir., & Str. Adv. Ownership	30.0%			
Fiscal Year End	Dec-31			



Source: Refinitiv

### Company Profile

Organto is an integrated provider of fresh organic fruits and vegetables to the European market. Utilizing a scalable asset-light business model, the Company is building out a one stop year-round platform to deliver value-added branded, private label and bulk distributed products to its retail and distribution partners.

## OGO Preannounces Q4/22 Revenue and Provides Outlook for 2023

January 31, 2023

### Implied 2023 revenue guidance in line with our current estimate:

Yesterday, Organto provided an operational update and released its preliminary unaudited Q4/22 revenue number of C\$5.5MM (a 12% increase y/y on an FX adjusted basis) vs. our estimate of C\$6.1MM. In addition to general business commentary, the Company provided revenue growth guidance for fiscal 2023 of 135%, which implies total revenues of C\$52.1MM for the year, in line with our current estimate of C\$50.1MM. OGO's cash balance at the end of the quarter stood at C\$5.8MM and management noted that they expect to be EBITDA positive on a quarterly basis in the second half of 2023.

### Launch of a new non-GMO fruit products brand, "AWESOME", announced earlier this month:

The brand is expected to complement the Company's existing "I AM Organic" brand which focuses on organic fruits and vegetables. Aiming to address shifting consumer preferences, the initial products under the new non-organic mid-market brand, bananas and apples, are expected to be first available in the German market, starting with 50 points of sale. Organto has partnered with an established European-based convenience service provider and plans to expand the offering to an additional 1,000 points of sale in the next several months. We view the announcement as positive and see the expansion as a logical step towards a larger and more diversified offering of higher margin branded products.

### Amendment of 2020 series of convertible debentures completed:

On January 26th, Organto announced that it has closed its previously announced amendment of some of its 2020 series convertible debentures. A total of C\$1.7MM of convertible debentures outstanding was amended and the remaining balance of C\$1.4MM, plus accrued interest, was repaid in cash. The amended debentures now carry an interest rate of 10%, 200 bps higher than previously, and mature on Dec. 29, 2024. Terms of conversion remain unchanged.

### No changes to estimates for now, maintain Speculative Buy rating and C\$0.25 target:

Our target price is unchanged at C\$0.25 per share based on our target multiple of 1.5x 2024e EV/Sales. We maintain our Speculative Buy rating.

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## Clarus Securities Equity Research Disclosures

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**Buy:** Attractively valued and expected to appreciate significantly from the current price over the next 12-18 months.

**Speculative Buy:** Expected to appreciate significantly from the current price over the next 12-18 months. Financial and/or operational risk is high in the analyst's view.

**Accumulate:** Attractively valued, but given the current market price, is expected to appreciate moderately over the next 12-18 months.

**Hold:** Fairly valued and expected to trade in line with the current price over the next 12-18 months.

**Sell:** Overvalued and expected to decline from the current price over the next 12-18 months.

**Under review:** Pending additional review and/or information. No rating presently assigned.

**Tender:** Company subject to an acquisition bid: accept offer.

A summary of our research ratings distribution can be found on our website.

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