



# Organto Foods Inc.

## Investor Update Call

January 27, 2021

[www.organto.com](http://www.organto.com)



TSX-V:OGO/FSE:OGF

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This presentation contains certain forward-looking statements which may not be based on historical fact, including without limitation, statements regarding Organto Foods Inc. ("Organto")'s expectations in respect of its ability to successfully execute its business plan; its in-depth knowledge and experience in the organic foods business; its ability to raise additional capital and fund its ongoing operations; plans for future growth and the direction of the business; financial projections including expected revenues, gross margin, EBITDA and cash-flow breakeven (the last two being non-GAAP financial measures); plans to increase product volumes and supplies from strategic third party growers and contractors; expected growth of the organic foods industry generally; management's expectations, beliefs and assumptions; events or developments that Organto expects to take place in the future; and general economic conditions. All statements, other than statements of historical facts, are forward-looking information and statements. The words "believe", "expect", "anticipate", "contemplate", "target", "intends", "continue", "budget", "estimate", "may", "will", and similar expressions identify forward-looking information and statements.

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# Introductions

## Steve Bromley Chair & Co-CEO

- Over 35 years experience in food business, with 20 years focused on natural and organic foods businesses
- Former CEO, COO & CFO of SunOpta Inc (2001-2015) (TSX/NASDAQ)



## Rients van der Wal Co-CEO & CEO Organto Europe BV

- 20 years in global organic food business – diverse supply chain and go-to-market expertise
- Previous Head of Total Exotics Sales at Total Produce



# Today's Agenda

- ✓ Introductions
- ✓ Investment Highlights and Recent News
- ✓ Our Markets – Continued Growth
- ✓ Our Business Model – Delivering Strong Results
- ✓ Our Growth Strategy – “Building a One-Stop Shop”
- ✓ Our Team and Capitalization
- ✓ Q&A





## Organto Foods Inc.

*Living our mission of  
“making fresh organic  
fruits and vegetables  
available for every  
consumer”.*

# Investment Highlights and Recent News

# Investment Highlights

- ✓ **Fast Growing Markets** - fresh, organic, plant-based foods sectors
  - ✓ Focus on fresh organic fruits and vegetables
- ✓ **Scalable Business Model** – strategic asset-light business model
  - ✓ Flexible, scalable, capital efficient
- ✓ **Brand Opportunity** - developing “I AM Organic” brand portfolio
  - ✓ Drives margin and valuation increases
- ✓ **Strong Team** - leadership with deep business operating/business building/consolidation experience in organic foods
  - ✓ Strong insider ownership
- ✓ **Rapid Growth** – six consecutive quarters of record growth with strong guidance for record 2021
  - ✓ 2018 \$1.5M, 2019 \$3.7M, 2020 \$6.5M after 9 months, Q-4 2020 revenue guidance of \$4.9 to \$5.0M
  - ✓ 2020 – revenue guidance of \$11.4-\$11.5M - +200% increase vs PY with + \$25M revenue run rate exiting year
  - ✓ 2021 – revenue guidance of \$35M to \$37M with annualized revenue run rate exiting year of \$50M
- ✓ **Consolidation Opportunity** - fragmented industry with potential to build leadership position
  - ✓ Recently acquired Fresh Organic Choice – adds branded fresh cut organic herbs to portfolio



# Recent News

## ✓ **October 2021**

- ✓ Organization expansion with addition of commercial resources to support growth – EU and LATAM
- ✓ Expansion of organic ginger program with new Brazilian supply and addition of organic turmeric to portfolio

## ✓ **November 2020**

- ✓ Record 3<sup>rd</sup> quarter revenues of CDN \$2.7M with 10.5% gross profit
- ✓ 4<sup>th</sup> quarter revenue guidance of CDN \$4.4 to \$4.6 M
- ✓ 96% of outstanding convertible debentures (CDN \$2M) voluntarily converted to equity
- ✓ Expansion of organic avocado program – tripled seasonal supply from Morocco

## ✓ **December 2020**

- ✓ Expansion of organic limes portfolio with supply from Columbia
- ✓ Annual General Meeting – Dec 2<sup>nd</sup> – all matters approved
- ✓ Appointment of Gert Jan van Noortwijk to Board – adds extensive global supply chain and agribusiness expertise
- ✓ Signed LOI to acquire Fresh Organic Choice – expansion into fresh organic packaged herbs
- ✓ 2021 revenue guidance of CDN \$35-37M with annualized revenue exit run rate of CDN \$50M
- ✓ Announced convertible note offering of CDN \$2M, subsequently upsized to CDN \$ 4M

# Recent News

## ✓ *January 2021*

- ✓ Closed over-subscribed convertible note financing – gross proceeds of CDN \$4.63 M
  - ✓ Finalized acquisition of Fresh Organic Choice
  - ✓ Acceleration of CDN \$1.5M warrants completed with all holder exercising
  - ✓ Updated Q-4 revenue guidance to CDN \$4.9M to \$5.0M versus previous guidance of CDN \$4.4M to \$4.6M
- .....And more to come





# Our Markets – Continued Strong Growth

# Growing Organic Markets

## Strong Growth of Organic Foods Driven By:

- ✓ Consumer focus on health and wellness
- ✓ Demand for sustainably produced foods
- ✓ Desire for clean label and transparent foods

## Fruits & Vegetables Largest and Fastest Growing Organic Category:

- ✓ 55% of consumers feel organic produce is healthier
- ✓ 32% of consumers feel organic produce tastes better

## Organic Supply Expanding to Meet Demand:

- ✓ 2.8 million producers in 2018, +55% vs. 2009
- ✓ 71.5 million hectare of organic farmland, 186 countries with organic farming



Fruit and vegetables account for the largest category of organic purchases. Photo courtesy of the Canadian Organic Trade Association.

# Market Tailwinds Accelerating Growth

## The “European Green Deal” Driving Growth:

- ✓ Regulatory shift towards more healthy and sustainable food systems in EU
- ✓ Targeted increase in organic farming in EU to 25% by 2030 - will translate into market opportunity

## COVID -19 Further Driving Healthy Eating:

- ✓ 22% eating healthier – food for medicinal and immunity benefits versus calories
- ✓ Home consumption driving demand for healthier ingredient options



# Our Business Model – Delivering Strong Results

*Serving fast  
growing organic  
and healthy foods  
markets*

*Strategic asset- light  
business model –  
flexible, scalable and  
capital efficient*

*Experienced and  
aligned leadership  
team*

**OR  
GAN  
TO**.com

*Branded and  
distributed product  
offering*

*Diverse customer base  
across numerous  
countries in Europe*

*Global supply base –  
Europe, North and  
South America, Africa*

# Our Asset-Light Business Model

## “Flexible and Scalable”

- ✓ *Strategic 3<sup>rd</sup> Party Growers, Processors & Packaging Partners*
- ✓ *Multiple Revenue Streams*
- ✓ *Branded and Non-Branded Product Focus*
- ✓ *Efficient Cost Structure With Variable Components*



## “Capital Efficient”

- ✓ **Strong EBITDA growth** and cash flow as business scales, driven by combination of **increased gross margins** as branded products ramp-up and **reduced SG&A as a percentage of revenues** as business scales and platform leveraged
- ✓ **Working capital** requirement of CDN **\$1.0 to \$1.5 million** to drive **approximately \$10 million** in revenues

# Our Brand – “I AM Organic”



PURE & ORGANIC  
0 CHEMICALS  
Fair to people  
RESPECTFUL TO NATURE  
& SO TASTY



[www.organto.com](http://www.organto.com)

## Our Organic Fruits

- ✓ Avocados
- ✓ Limes
- ✓ Blueberries
- ✓ Raspberries
- ✓ Mango
- ✓ Others



OR  
GAN  
TO  
.com

## Our Organic Vegetables

- ✓ Asparagus
- ✓ Ginger
- ✓ Herbs
- ✓ Fine green beans
- ✓ Snow peas
- ✓ Sugar snaps
- ✓ Others

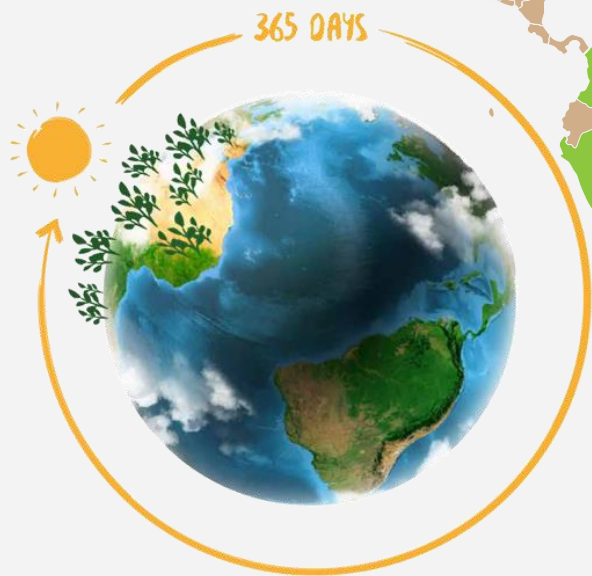


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# Our Integrated Global Supply



- ✓ Integrated year-round supply chains
- ✓ We work with our **valued strategic growers and supply chain partners** to control and monitor each step in the supply chain, delivering **quality products** with complete **transparency**
- ✓ We use **geographically diverse growing regions** with the **objective of minimizing our ecological footprint** as we source product from around the globe to meet consumer demand
- ✓ We source from many countries in **Europe, North and South America and Africa**
- ✓ **Asset-light business model** provides **flexibility, scalability and cost efficiency**

# Our Growing Customer Base in Europe



## *Product Segmentation*

- ✓ Branded
- ✓ Private label
- ✓ Distributed

## *Customer Segmentation*

- ✓ Conventional Retailers
- ✓ Specialty Organic Retailers
- ✓ On-line Retail
- ✓ Service Providers/Distributor

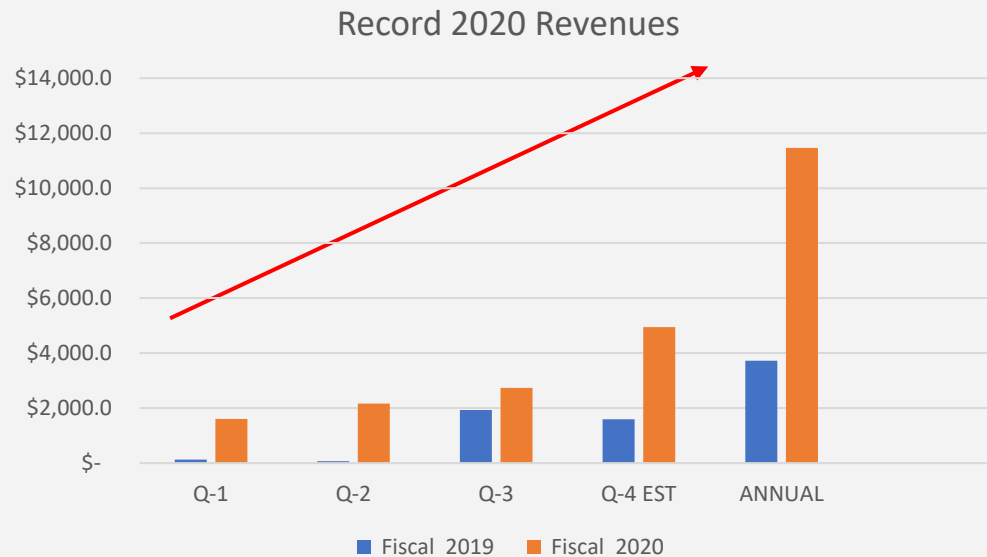
***Distribution in 13 countries***

***90 Active Customers***

# 2020 - A Record Year

## Record Quarterly Revenues and Margins

- ✓ Guiding to Q-4 revenues of CDN \$4.9 to \$5.0 million, increase of over 200% vs PY, largest quarterly revenues in history
- ✓ Six consecutive quarters of record revenue and margin growth



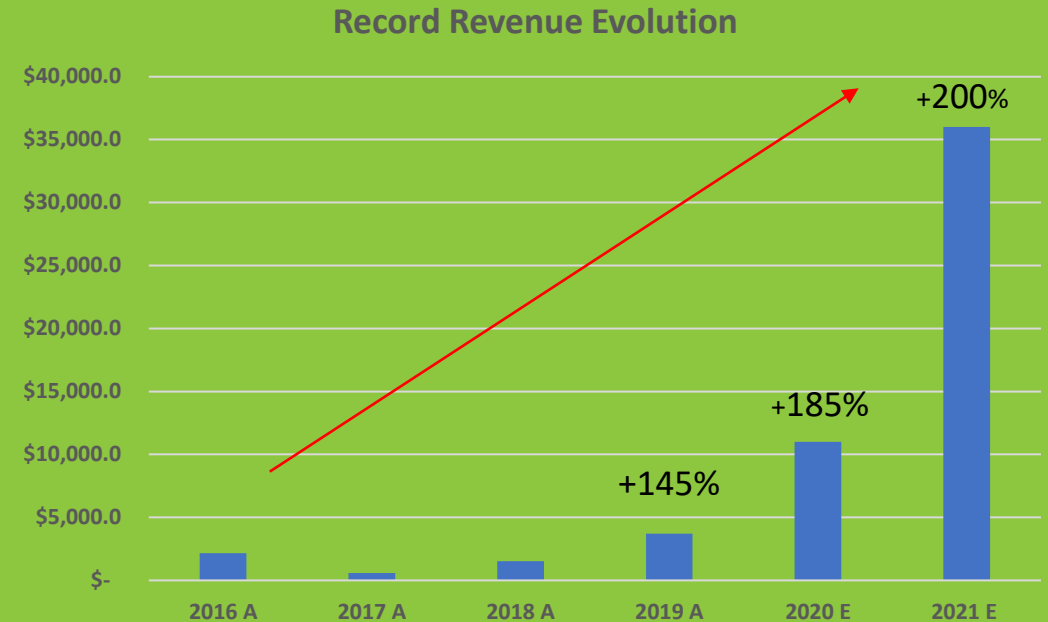
*Revenue Exit  
Run Rate of Over  
CDN \$25 Million*

*Cash-Flow  
Breakeven  
Exiting Q-4*

# 2021 – Rapid Growth

## Record Annual Revenue Guidance

- ✓ Guiding to annualized revenues of CDN \$35 to CDN \$37 million, + 200% increase versus record 2020
- ✓ Guiding to revenue exit run rate of CDN \$50 million



- ✓ Growth driven by strong market demand, increasing supply, expanding customer base and branded product portfolio roll-out

# Our Growth Strategy – “Building a One-Stop Shop”

# Looking Forward - Our Growth Strategy

## Market Trends/Dynamics

- Healthy Living/Healthy Eating Movement
- Organic Foods Continued Growth
- Rise of Self-Care Driving Demand
- Consumer Activism – Demand for ESG
- Local/Regional Demands
- Greendal in EU



Building an Ethics-Driven “One-Stop Shop” in Fresh Organic & Specialty Fruits and Vegetables



## Competitive Market Dynamics

- Limited Large Scale Players
- No One-Stop Shop for Organic & Specialty F&V Exists in EU
- Many Smaller Players With Limited Scale
- Consolidation Opportunity Exists
- Limited Public Companies in Space

**GROWTH FUELED BY COMBINATION OF INTERNAL GROWTH AND ACQUISITIONS**



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# Looking Forward – Executing Our Growth Strategy

- ✓ **Internal growth to +\$100 million in 2 years**
- ✓ **Growth via roll-up acquisition strategy**
- ❑ **Growth across all categories**
- ❑ **Solid pipeline of opportunities**

## ***Specialty Product Expansion***

- ✓ Exotics, Tropical, Tastemakers

## ***Mainstream Product Expansion***

- ✓ Open field and greenhouse crops

## ***Customer Base Expansion***

- ✓ Deepen existing relationships
- ✓ New customers and geographies

## ***Expand Retail Branded Product Offering***

- ✓ Value-added products
- ✓ Digitally enhanced packaging concepts

## ***Fragmented European Market***

### ***Scalable platform in place***

- ✓ Systems, processes, personnel

### ***“One-stop shop” acquisition strategy***

- ✓ Product expansion
- ✓ Customer expansion
- ✓ Geographic expansion
- ✓ Value-added retail expansion
- ✓ Sector expansion

# The EU Addressable Market

## Market Size

- ✓ Population 447.5 million
- ✓ Consume €24/avg./person/year
- ✓ Organic Fresh Fruits and Vegetable Market €10.7B (CDN \$ 16.5B)

## Market Segmentation

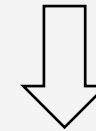
- ✓ Total Category (billions) €10.7
  - ✓ Mainstream €9.1
  - ✓ Specialty €1.6

## Growth Drivers

- ✓ Forecast global growth per annum – 9%
- ✓ EU “Green Deal” - 25% organics by 2030
- ✓ COVID-19 driving long- term healthy choices

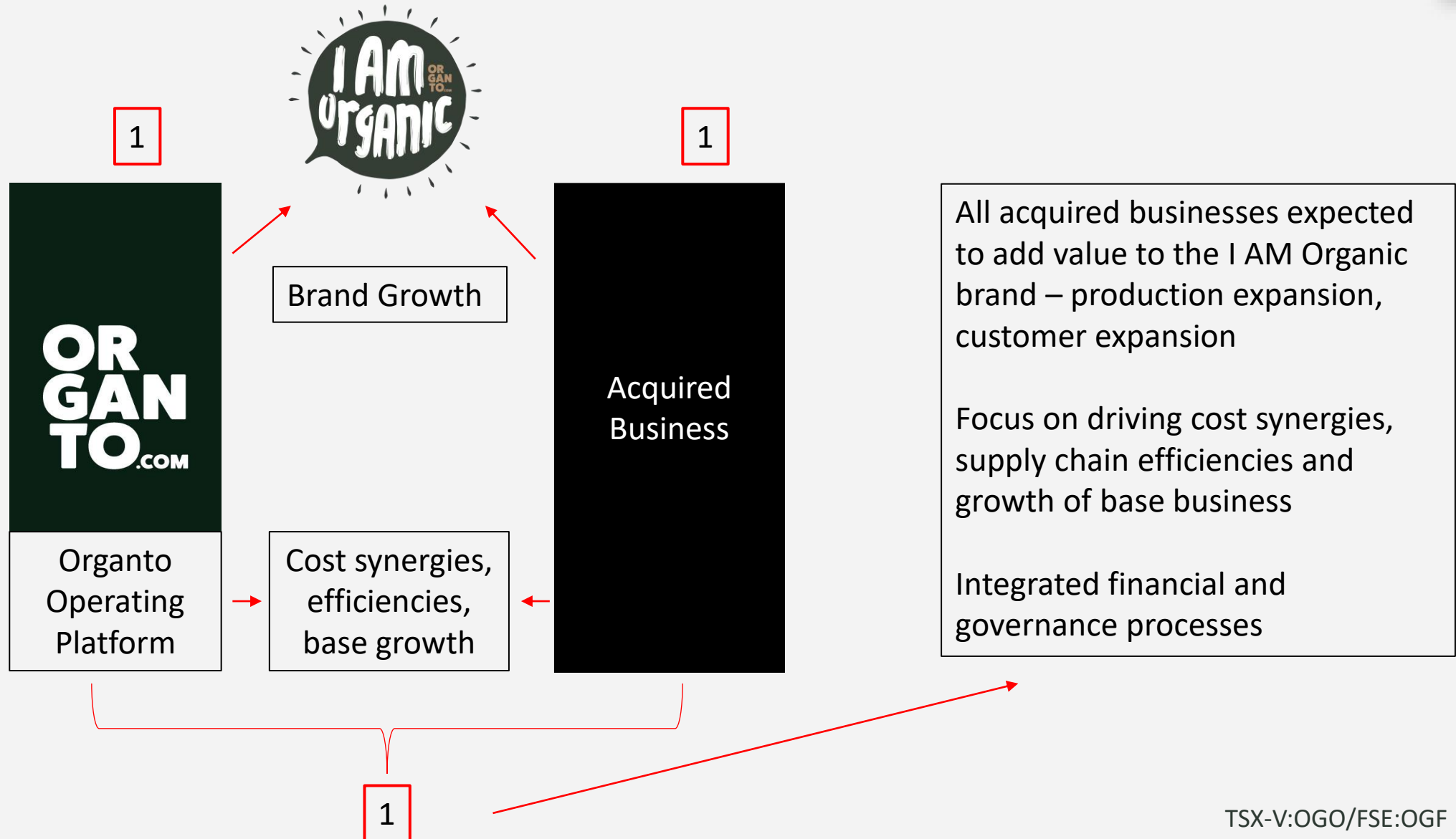
# Our EU Opportunity

**Current Share**  
Less than 1% of Specialty Category



**Future Share Potential**  
5% Market Share of Total Category  
represents a + CDN \$800 million  
revenue opportunity with extensive  
room to grow

# Creating a Winning Formula - Making 1+1 = 3





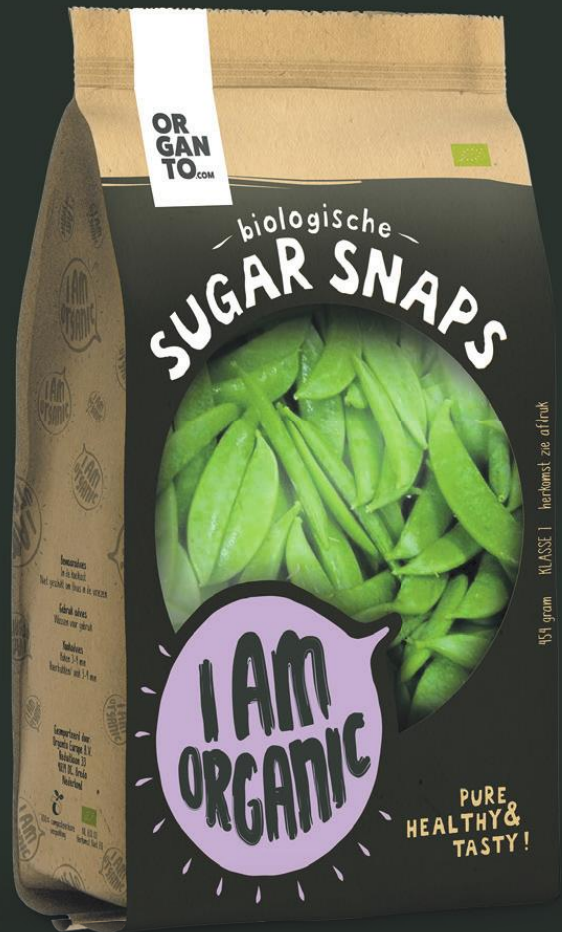
# Acquisition Fresh Organic Choice BV



Fresh Organic Choice

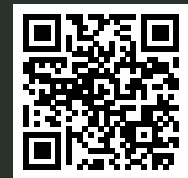
- ✓ Provider of a wide range of branded fresh cut organic herbs
  - Mint, oregano, basil, chives, parsley, dill, thyme, sage, rosemary, and others
  - ✓ Fast-growing categories driven by health and wellness and home cooking trends
- ✓ Marketed under the Fresh Organic Choice Brand name
- ✓ Asset light business model
  - Sell into European markets
  - Source from the Netherlands, Germany, Spain, Italy, Ethiopia, Tunisia and others
- ✓ 2020 revenues of approx. CDN \$2.1 M, positive EBITDA, with strong growth projected
  - Business expected to be gross margin and EBITDA accretive to Organto
  - Significant growth synergies expected
- ✓ Purchase price - combination of cash, shares of Organto and earn-out based on growth targets
  - Attractive transaction multiples





# WE HAVE TO DELIVER MORE THAN ORGANIC GROWTH

Organto is an innovative, fast growing global provider of fresh organic fruits and vegetables. Organto has a strong ambition and we want everyone to share this. Together we can make an impact. Organto is listed at the Deutsche Börse (ticker: OGF) and at the TSX-V (ticker: OGO). For more information please check [organto.com/share](https://www.organto.com/share) and join us in bringing more healthy and nutritious I AM Organic products to the world.



# SHARETHEMESSAGE

# Our Team and Capitalization

# Our Team

## Leadership

### **Steve Bromley**

#### **Chair of the Board and Co-CEO**

- Over 35 years in food businesses with focus on natural and organic sectors
- Former CEO, COO & CFO of SunOpta Inc. (TSX/NASDAQ) (2001-2015)

### **Rients van der Wal**

#### **Co-CEO & CEO Organto Europe B.V.**

- Approx. 20 years in organic foods business
- Previous Head of Total Exotics Sales at Total Produce

### **Ralf Langner**

#### **Chief Financial Officer & Corporate Secretary**

- CPA/CGA
- Over 25 years of public company financial reporting and governance experience

### **Peter Thibaudier**

#### **Chief Financial Officer – Organto Europe B.V.**

- Over 25 years of operational and financial reporting experience

## Board of Directors

### **Javier Reyes de la Campa**

- President of Credipresto, S.A. de C.V. in México
- President and CEO of Accendo Banco SA in México, a large lender to ag sector in México

### **Peter Gianulis - Founder**

- Co- Founder of Organto - over 20+ years in organic foods business
- Managing Director of Carrelton Asset Mgt and CEO of Allegiant Ltd.

### **Robert Giustra**

- Chair of the Columbus Group
- Extensive Capital Markets experience - founded, funded & managed many public co's

### **Alejandro Maldonado**

- President & Chairman of Alpasa Farms
- President of Berry Growers Association of México

### **Gert Jan van Noortwijk**

- Former President of International Grains and Feed Trade Association
- Extensive agribusiness and global foods supply chain foods experience

### **Joost Verrest**

- Former CEO of Total Produce Direct BV
- Extensive foods experience with Chiquita Brands, Green Protein BV, Sara Lee

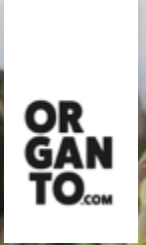
# Our Capitalization



- \*\* 0.4 million with a strike price of C\$0.065 expiring March 2021
- 0.2 million with a strike price of C\$0.10 expiring May 2022
- 0.7 million with a strike price of C\$0.30 expiring December 2022 and January 2023
- \*\*\* Convertible Notes of C\$0.1 million due May and June 2022 with a conversion price of C\$0.05 until May and June 2021 and C\$0.10 until May and June 2022
- Convertible Notes of C\$4.6 million due December 2022 with a conversion price of C\$0.30

## Capitalization (C\$M) (as at January 22, 2021)

Share Price	\$0.285
Basic Shares Outstanding	249.8
<b>Market Capitalization</b>	<b>\$71.2</b>
Management & Insiders est.	37.9%
Institutions est.	12.3%
Retail Investors est.	49.8%
Basic Shares Outstanding	249.8
Options/RSU's	17.8
Warrants**	1.3
Convertible Notes ***	16.3 – 17.3
<b>Fully Diluted Shares</b>	<b>285.2-286.2</b>



**Integrated, year-round supply model**

# Organto Foods – In Summary

**Serving fast growing organic and healthy foods markets**

**Branded and distributed product offering**

**Strategic asset-light business model – flexible, scalable and capital efficient**

**Global supply base – Europe, North and South America, Africa**

**Diverse European customer base**

**Experienced and aligned leadership team**

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