



## ORGANIC GARAGE REPORTS YEAR-END RESULTS FOR FISCAL 2020

May 29, 2020, Toronto, Canada: Organic Garage Ltd. ("**Organic Garage**" or the "**Company**") (TSX-V: OG) has released the Company's annual audited financial results for its year ended January 31, 2020.

The Company's audited annual consolidated financial statements for the Company, including the operating company and all subsidiaries and related management's discussion and analysis for the period, are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). All amounts are expressed in Canadian dollars.

Highlights include:

**Sales increased 2.3% from \$23.6 million to \$24.1 million**

**Gross profit percentage increased from 27.42% to 27.75%**

**Gross profit dollars increased 3.57%**

**Year-end net loss increased to \$5,083,566:** the net loss was primarily due to non-cash charges such as impairment of goodwill of \$2,233,968, depreciation of \$1,733,235, impact on increased financing costs associated with the implementation of IFRS 16 related to the Company's long-term leases of \$161,465<sup>1</sup> and financing costs related to the convertible debenture of \$173,886. The year-end loss was comprised of approximately 85% non-cash charges.

Matt Lurie, CEO of Organic Garage, commented, "Fiscal 2020 presented certain challenges and those results are reflected in our year-end numbers. While the majority of the loss the company booked is related to non-cash charges, the increased focus on cost containment that started in the third quarter for the operating company has proved impactful to the short-term finances of the company but will also be beneficial to our long-term fiscal results. Subsequent to year-end the company experienced significant increased demand for both in-store and online sales due to COVID-19 as customers shifted their purchasing trends. The entire company did an excellent job during those difficult times in managing the increased in-store and online sales and I believe that positive impact will be reflected in future quarterly financial results."

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<sup>1</sup> Impact of IFRS 16 Implementation of \$161,465: financing costs of \$1,060,426 related to the Company's long-term leases, less decrease in rent expenses of \$898,961

## **FISCAL 2020 OPERATIONAL SUMMARY:**

- Announced the early repayment in full of the Company's BDC Capital Inc. loan in the amount of \$2,516,359.29 in outstanding principal and interest.
- Completed a non-brokered private placement offering of an aggregate principal amount of \$3,000,000 in unsecured convertible debentures, the net proceeds of which were used to repay the loan held by BDC Capital Inc. as well as for general working capital.
- Announced that developer construction had commenced on its long-awaited Leaside location, the Company's 5<sup>th</sup> store.
- Appointed Micheal Lovsin to the Company's board of directors. Mr. Lovsin had most recently headed the reinvention of the brand strategy for Coles Supermarkets (ASX: COL), Australia's second largest supermarket.
- Appointed Nelson Lamb as its new Chief Financial Officer. Mr. Lamb had most recently been Manager of Accounting Services at PubCo Reporting Solutions.
- Continued the expansion of its "Kitchen Originals" private label product offering.
- Expanded its "Handpicked Partners" program from the Liberty Village location to the Company's Kerr Village (Oakville) location. The program was conceived to allow select vendors to sell unique, ready-made foods to Organic Garage customers through small-footprint, on site kiosks.
- Announced an agreement with Cornershop to utilize the digital app or website for the online ordering and delivery of groceries from all Organic Garage retail locations. Organic Garage is Cornershop's second official grocery partner in Canada after Walmart (NYSE: WMT).

## **AWARDS & MEDIA**

- Named the Canadian Organic Trade Association's Organic Retailer of the Year in recognition for the Company's "outstanding leadership and vision" within the organic industry in Canada.
- Selected as the Toronto Star Readers' Choice winner for Best Organic Food Store.
- Recognized with two "BOCSI" (Best of Canada's Sign Industry) awards for sign and design features in its Liberty Village store as the Company continues to receive accolades for its aesthetic appeal.
- Listed as one of the "7 Most Beautiful Grocery Stores in Toronto" by StyleDemocracy, one of Canada's leading online lifestyle and fashion publications.

## **EVENTS SUBSEQUENT TO FISCAL 2020 YEAR END: COVID-19 IMPACT**

Subsequent to its fiscal year end, Organic Garage experienced unprecedented consumer demand as a result of the COVID-19 pandemic. The Company's supply chain remained strong in management's opinion but product in some categories did experience replenishment delays. Due to the previously announced agreement with Cornershop, the Company was in a position to provide its customers with the option of online shopping and delivery.

The Company announced the implementation of the following measures to ensure the safety and satisfaction of both its customers and employees in response to COVID-19:

- Implemented a "Curbside Pickup" option at its Oakville and Thornhill stores.
- Enhanced health and safety, cleaning and sanitization protocols, installed equipment such as plexiglass dividers on front cash and features such as floor markings at checkout and throughout every store to encourage responsible social distancing.
- Increased the hourly wages for all team members in the Company.

- Implemented early shopping hours for senior citizens over the age of 65.
- Suspended in-store features and programs such as self-serve bulk offerings, Reverse Osmosis water dispenser, salad bar, draft stations and instore demos.

### **About Organic Garage Ltd.**

Organic Garage (TSXV: OG) is one of Canada's leading independent organic grocers and is committed to offering its customers a wide selection of healthy and natural products at everyday affordable prices. The company's stores are in prime retail locations designed to give customers an inclusive, unique and value-focused grocery shopping experience. Founded in 2005 by a fourth-generation grocer, Organic Garage is headquartered in Toronto and operates a highly efficient supply chain through its centralized distribution centre. The company is focused on continuing to expand its retail footprint within the Greater Toronto Area. For more information please visit the Organic Garage website at [www.organicgarage.com](http://www.organicgarage.com).

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This news release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes.

Forward looking statements are subject to both known and unknown risks, uncertainties and other factors, many of which are beyond the control of Organic Garage, that may cause the actual results, level of activity, performance or achievements of Organic Garage to be materially different from those expressed or implied by such forward looking statements, including but not limited to future growth and general business, economic, competitive, political and social uncertainties. Although Organic Garage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties, some of which are described herein. Such forward-looking statements necessarily involve

known and unknown risks and uncertainties, which may cause Organic Garage's actual performance and results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Any forward-looking statements are made as of the date hereof and, except as required by law, neither Organic Garage assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise.