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## Organto Closes CDN \$3.6 Million Over-Subscribed Convertible Note and Equity Financings

### *Reaffirms Expectation to Achieve CDN \$20 Million Annualized Revenue and Cash-Flow Breakeven Run Rates This Year*

Vancouver, BC, Canada, June 24, 2020 - Organto Foods Inc. (TSX-V: OGO, OTC: OGOFF) ("Organto" or the "Company"), an integrated provider of organic and value-added fruits and vegetables today announced the closing of the second and final tranches of its previously announced non-brokered Convertible Note and Equity Financings. Total proceeds of CDN \$2,157,500 were included in the second tranches, bringing the total amount to CDN \$3,579,195 with CDN \$2,075,300 raised via the Convertible Note option and CDN \$1,503,895 via the Equity Financing option.

"We are extremely pleased to conclude our financings and as a result are confident this will allow us to leverage the progress we have made in our business and position us for continued exciting growth in the fast-growing healthy eating and organic foods markets. We recently announced that we expect revenues in the second quarter of 2020 to be the largest quarterly revenues in the history of Organto," commented Steve Bromley, Chair and Interim CEO of Organto Foods Inc. "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 this demand. The funds from these 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."

Accendo Banco ("Accendo"), a current strategic investor and lender to Organto, was a key participant in this financing, investing CDN \$677,500 in new funds in the Convertible Note financing and reinvesting their current revolving credit facility with Organto in the amount of CDN \$677,500 into the Convertible Note. "We truly appreciate the continued support and confidence that Accendo has shown in Organto, and look forward to working closely with them as we execute our plans for the future." Mr. Bromley commented.

A total of CDN \$2,075,300 of Convertible Notes were issued in this financing. These notes mature in May and June 2022, carry an annual interest rate of 10% (payable annually), and will be convertible into common shares of Organto at a price of CDN \$0.05 per share for one year from the date of issuance and CDN \$0.10 per share thereafter until maturity (the "Convertible Notes"). If, at any time after four months from the date of issuance, the closing price of Organto's common shares as traded on the TSX Venture Exchange is equal to or greater than CDN \$0.15 for 10



consecutive trading days or more, Organto may, in its sole discretion, accelerate conversion of the Convertible Notes. There is no pre-payment penalty. Organto paid finder's fees of CDN \$22,330 in cash and issued 223,300 broker warrants related to the placement of certain of the Convertible Notes. These broker warrants are exercisable at a price of \$0.10 and expire in May 2022. Any common shares issued upon the conversion of the Convertible Notes or exercise of the broker warrants will be subject to hold periods expiring in September and October 2020. Included in the Convertible Notes issued were the reinvestment of the revolving credit facility with Accendo Banco in the amount of CDN \$677,500, certain short-term loans and accounts payable due to insiders in the amount of CDN \$245,750 and CDN \$74,550 of promissory notes and interest issued in last year's bridge debt financing (see October 1, 2019 news release).

Funds raised via the Equity Financing option of CDN \$1,503,895 were from the sale of 30,077,900 units at CDN \$0.05 per unit, with each unit consisting of one common share and one-half common share purchase warrant. Each full warrant entitles the holder thereof to acquire one common share (a "Warrant Share") at a price per Warrant Share of CDN \$0.10 with terms of two years expiring in May and June 2022. If, at any time after four months from the date of issue, the closing price of Organto's common shares as traded on the TSX Venture Exchange is equal to or greater than CDN \$0.15 for 10 consecutive trading days or more, Organto may, in its sole discretion, accelerate expiry of the warrants. Organto paid finder's fees of CDN \$52,073 in cash and issued 520,730 broker warrants related to the Equity Financing. These broker warrants are exercisable at a price of \$0.10 and expire in June 2022. The shares issued, as well as any shares issued upon the exercise of the warrants or broker warrants, are subject to hold periods expiring in September and October 2020. Included in the Equity Financing was the settlement of CDN \$60,000 of promissory notes issued in last year's bridge financing (see October 1, 2019 news release).

The Convertible Note and Equity Financings remain subject to final acceptance of the TSX Venture Exchange.

## **2019 and Q-1 2020 Financial Statements**

In response to the COVID-19 pandemic, the Canadian Securities Administrators ("CSA") issued a notice on March 18, 2020 stating that securities regulators were providing coordinated relief consisting of a 45-day extension for certain periodic filings required to be made on or prior to June 1, 2020. As such the British Columbia Securities Commission ("BCSC") enacted BC Instrument 51-515, Temporary Exemption from Certain Corporate Finance Requirements ("BC 51-515").

On April 28, 2020 Organto announced that due to circumstances created by the COVID-19 pandemic, that it would utilize the temporary exemption under BC 51-515 to file its 2019 annual financial statements. On June 15, 2020 Organto filed its annual financial statements and accompanying management's discussion and analysis, and related CEO and CFO certifications for the financial year ended December 31, 2019.



On May 28, 2020, the Company further announced that it would utilize the temporary exemption as provided by the BCSC with regards to the filing of its unaudited interim quarterly financial statements and accompanying management's discussion and analysis for the quarter ended March 31, 2020 ("Interim Financial Reports"). The Interim Financial Reports would ordinarily have been filed on or before June 1, 2020, the required deadline set by NI 51-102. Organto is relying on the exemption provided in BC Instrument 51-515, Temporary Exemption from Certain Corporate Finance Requirements ("BC 51-515"), which provides the Company with an additional 45 days to file its Interim Financial Reports, which includes the following continuous disclosure documents:

- the Company's unaudited financial statements for the quarter ended March 31, 2020 as required by section 4.4 of NI 51-102; and
- the Company's Management's discussion and analysis for the quarter ended March 31, 2020 as required by section 5.1(2) of NI 51-102.

The Company expects to file the Interim Financial Reports no later than July 14, 2020.

Until the Company has filed the Financial Reports and Interim Financial Reports management and other insiders of the Company will be subject to a trading black-out, as described in principle in Section 9 of National Policy 11-207. The Company confirms that since the filing of its annual consolidated financial statements for the year ended December 31, 2019, there have been no material business developments other than those already disclosed through news releases.

### **Stock Option Grants**

Organto also announced that it has granted 130,000 stock options to employees as per the terms of the Company's Share Option Plan, all with a strike 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 \$15,000 of amounts due into common shares of the Company at a price of CDN \$0.05 per share, subject to approval of the TSX-V.

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. The Organto Foods Group is an integrated provider of year-round branded, private label and bulk distributed organic and non-GMO vegetables and seasonal 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 repositioned business model; Organto's belief that the second quarter of fiscal 2020 will be the largest revenue quarter in the Company's history; Organto's belief that demand for fresh organic fruits and vegetables continues to grow; Organto's belief that its cost-effective and flexible business model is well positioned; Organto's belief that the funds raised will expand supply and product offerings, accelerate growth and position the business for a revenue run-rate of \$CDN 20 million and cash-flow breakeven exiting 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; 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; ongoing relations with distributors, customers, employees, suppliers, consultants, contractors and partners and joint venturers; and risks associated with cannabis operations and receipt of required licenses in Colombia. The foregoing list is not exhaustive and Organto undertakes no obligation to update any of the foregoing except as required by law.

