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Organto Announces Sale of Three European Subsidiaries

Vancouver, Canada and Breda, Netherlands, June 5, 2024 - Organto Foods Inc. (TSX-V: OGO, OTC: OGOFF) ("**Organto**" or the "**Company**"), a leading provider of organic and non-GMO fruit and vegetable products today announced that it has entered into a definitive agreement, and has received conditional approval from the TSX Venture Exchange, to sell three of its wholly owned Dutch operating subsidiaries (the "Sale Subsidiaries") to an independent third-party purchaser (the "Purchaser"), with the objective of improving the Company's financial position and path to profitability by streamlining operations. This divestiture is part of the Company's efforts to reposition its business and strengthen its balance sheet.

Amounts stated are in Canadian dollars unless otherwise noted and results from operations are unaudited.

The Sale Subsidiaries are comprised of:

(a) Organto Europe BV ("Organto Europe");
(b) Fresh Organic Choice BV ("FORC"); and
(c) BeeOrganic BV ("BeeOrganic").

The Company will continue to own and operate its remaining subsidiaries, including NFG New Fruit Group GmbH ("NFG"), which the Company acquired in January 2023, and which will become the Company's key operating entity following the proposed transaction. NFG has been operating since 2019 and is a fully certified organic products supplier with a European sales focus and a strong retail customer base. NFG has global supply relationships with established grower partners and focuses on organic and non-GMO bananas, avocados, ginger and mangos.

The Purchaser will acquire all the outstanding shares in the capital of each the Sale Subsidiaries for Euro 1 and assume all of the Sale Subsidiaries' assets and liabilities, which represented a net liability position of approximately $4.2 million as at March 31, 2024.

Historically, the Sale Subsidiaries had been key sales contributors, but this has significantly declined recently due to a combination of inadequate working capital to fund operations and lost business due to competitive pressures.

Organto engaged Evans & Evans, Inc. ("Evans & Evans"), a boutique financial advisory firm based in Vancouver, to complete an independent valuation and fairness opinion for the proposed transaction (the "Valuation").[1] The valuation methodology utilized by Evans & Evans valued each of the three Sale Subsidiaries on a stand-alone basis and not as a group, using two valuation methods (the discounted cash flow method and the guideline public company method) and then ultimately determined a value range for each business based on a weighting of these two methods. Evans & Evans concluded that the assumption of all liabilities of the Sale Subsidiaries by the Purchaser represented fair proceeds to the Company.

Based on the valuation approach from Evans:

- the Organto Europe business was valued at Nil, despite a negative discounted cash flow projection and its net liability position of negative $4.0 million at December 31, 2023;
- the FORC business was valued in the range of $110,000 to $120,000; and
- the BeeOrganic business was valued in the range of $1,170,000 to $1,300,000.

Although the Valuation has been computed on a stand-alone basis for each of the Sale Subsidiaries, the transaction requires all three to be sold as one, with the upside from BeeOrganic and FORC, offsetting the negative cash flow and the net liability position of Organto Europe.

Given the Company's current need to restructure its business and debt in order to return to its historical growth rate and secure necessary financing, the divestiture of the three Sale Subsidiaries is believed to be in the best interests of the Company. In particular:

(a) the Company's current liquidity situation has hampered its ability to maintain its previous level of operations;
(b) the Sale Subsidiaries' operations are not currently growing due to a combination of liquidity and competitive factors, unlike the operations of the Company's other subsidiaries (which will be retained);
(c) the transaction does not change the Company's business focus on the provision of non-GMO and organic fruit and vegetable products and in fact positions the Company's continued business for growth;
(d) the Company's ability to raise further funding to maintain the business is dependent on a rationalized business model that shows a clear path to profitability and an improved balance sheet; and
(e) the value of the proceeds to the Company is fair and supported by an independent valuation and fairness opinion.

Completion of the transaction is subject to certain customary conditions, including the final acceptance by the TSX Venture Exchange.

ON BEHALF OF THE BOARD

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[1] The summary of the Valuation described in this press release is qualified in its entirety by reference to the full text of the Valuation. The description of the Valuation in this press release is a summary only, is not exhaustive and is qualified in its entirety by reference to the Valuation, including the assumptions, imitations and qualifications set out therein. Evans & Evans has based its opinion upon a variety of factors and, accordingly, believes that its analyses must be considered as a whole. Selecting portions of its analyses or the factors considered by Evans & Evans, without considering all factors and analyses together, could create a misleading view of the process underlying the Valuation. The preparation of a valuation and fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Evans & Evans' conclusions as to the fairness, from a financial point of view, to the Organto shareholders of the transaction were based on its review of the transaction taken as a whole, in the context of all of the matters described under the heading "Scope of Review" in the Valuation, rather than on any particular element of the proposed transaction or the proposed transaction outside the context of the matters described thereunder. A copy of the Valuation is available upon request, at no cost, by contacting Organto at info@organto.com.

ABOUT ORGANTO

Organto is an integrated provider of branded, private label, and distributed organic and non-GMO fruit and vegetable products using a strategic asset-light business model to serve a growing socially responsible and health-conscious consumer around the globe. 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.

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 the proposed divestiture of the Sale Subsidiaries and the anticipated benefits thereof. 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; ongoing relations with distributors, customers, employees, suppliers, consultants, contractors, and partners and the risk that conditions to completion of closing of the sale of the Subsidiaries may not complete in a timely manner or at all. The foregoing list is not exhaustive and Organto undertakes no obligation to update any of the foregoing except as required by law.

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.