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Organto Closes First Tranches of Convertible Note and Equity Financings

Expects to Achieve CDN\$20 Million Annualized Revenue and Cash-Flow Breakeven Run Rates This Year

Vancouver, BC, Canada, May 26, 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 first tranches of its previously announced non-brokered Convertible Note and Equity Financings. A total of CDN \$1,420,300 was included in the first tranche closing with CDN \$720,300 raised via the Convertible Note option and CDN \$700,000 via the Equity Financing option.

“We are extremely pleased by and thankful for the excellent response we have received on our previously announced financings. We are confident that the closing of these first tranches, combined with expected further closings, 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 have now realized three consecutive quarters of record revenues and gross profit, clearly demonstrating the benefits of our repositioned asset-light business model, and as a result are poised to significantly accelerate our growth.” commented Steve Bromley, Chair and Interim CEO of Organto Foods Inc. “Demand for fresh organic fruits and vegetables continues to grow and has done so even during the recent COVID-19 global pandemic, with growth being driven in part 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 believe we are now strongly positioned going forward. The funds from the financings will be used to expand our supply and product offerings, accelerate growth, and position our business to ramp up to an annualized revenue rate of CDN \$20 million by the end of 2020 while at the same time achieving cash-flow breakeven by year-end, both key milestones in our strategic plan.”

The Company also announced that it has received confirmation that Accendo Banco (“Accendo”), a current strategic investor and lender to Organto, will be participating in this financing, subject to certain closing matters. Accendo has a proven track-record in offering financial services and solutions in Mexico to key markets including the agricultural sector where it works with numerous clients, many of whom market their products as organic or are in the process of converting to organic growing practices. “We truly appreciate the continued support and confidence that Accendo has shown in Organto, and are confident that this will prove to be well-founded as we execute our plans for the future.” Mr. Bromley commented.



“Over the past few years, we have partnered with Organto and the strong team they have built and witnessed their ability to position the business in fast growing healthy eating and organic foods markets offering long-term business opportunities.” commented Javier Reyes, Chair and CEO of Accendo. “Healthy eating and organic foods are one of the few sectors that has benefited through the COVID-19 crisis, and we believe Organto is in a unique position to exponentially grow over the next few years. We are excited to be able to participate in this financing and to be able to provide this additional growth capital, and we look forward to supporting the team as the business grows.” added Mr. Reyes. Mr. Reyes has been a Director of Organto since November 2015.

To date, a total of CDN \$720,300 of Convertible Notes have been issued. These notes mature in May 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 will issue 240,800 broker warrants related to the placement of certain of the Convertible Notes. Any common shares issued pursuant to the Convertible Notes which have been issued will be subject to a hold period expiring in September 2020. Included in the Convertible Notes issued were the settlement of 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 to date via the Equity Financing option of CDN \$700,000 consisted of the sale of 14,000,000 units at CDN \$0.05 per unit, with each unit consisting of one common share in the capital of the Company 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 until May 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 conversion of the warrants. The 14,000,000 shares issued, as well as any shares issued upon the exercise of the warrants, are subject to a hold period expiring in September 2020.

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

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 value-added branded organic 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 having realized three consecutive quarters of record revenues and gross profits demonstrates the benefits of its repositioned business model; Organto's belief that demand for fresh organic fruits and vegetables continues to grow; 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.

