

# Organto Announces Plans to Strengthen Balance Sheet and Provides Business Update

**Toronto, Canada and Breda, Netherlands, December 29, 2023 - 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 plans to strengthen its balance sheet and continue its path to positive EBITDA in 2024.

Organto has experienced sustained growth over the past five years, growing sales from approximately \$1.5 million in 2018 to approximately \$28.0 million in 2023, representing five consecutive years of sales growth versus the prior year and nineteen consecutive quarters of sales growth, currency adjusted, versus the same quarter in the prior year. The Company continues to see numerous growth opportunities as consumers focus on healthy eating and healthy living and is targeting continued growth driven by a combination of internal growth and acquisition.

Organto continues to leverage its positioning in the organic foods value chain connecting growers around the world with premium markets, while at the same time having a positive ESG impact. In doing so the Company continues to refine its internal processes, product lines, supply chains and go-to-market strategies with the goal of increasing sales and gross margins while reducing ongoing operating costs. These initiatives are key for the Company and as a result Organto expects to achieve positive EBITDA results during the first half of 2024.

## Balance Sheet Improvement – Convertible Notes & Debentures

In an effort to reduce debt and increase equity, the Company is working with its existing convertible note and debenture holders (“Convertible Note and Debenture Holders”) holding Series 2024 10% notes (“Convertible Notes”) and Series 2026 8% debentures (“Convertible Debentures”) to convert a portion of the existing Convertible Notes and Convertible Debentures into common shares of the Company. The Convertible Notes were issued in December 2022 (see January 26, 2023 news release), February 2023 (see February 24, 2023 new release) and March 2023 (see March 23, 2023 and April 3, 2023 news releases). The Convertible Debentures were issued in November 2021 (see November 12, 2021 news release).

The Company is targeting to realize a significant reduction in convertible debenture debt on its balance sheet and a corresponding increase in equity of the Company, resulting in an improved balance sheet and reduced interest payments going forward. The Company believes that this is a requirement as it executes its business plan going forward.

The Company has not paid interest amounts due December 29, 2023 and has been in discussions with the Convertible Note and Debenture Holders and believe a majority have agreed in principle



to sign a Forbearance Agreement through March 15, 2024, to allow the Company sufficient time to sign amended agreements with the holders based on new terms and conditions.

### **Concurrent Equity Financing to Further Strengthen Balance Sheet – 75%+ Insider Participation**

The Company also announced that as a result of the proposed changes to the Convertible Notes and Convertible Debentures, it will not proceed with its previously announced private placement of common shares (see November 14, 2023 news release). Instead, the Company plans to complete a \$2.0 million private placement of common shares early in 2024. Terms of this private placement have yet to be finalized, although current insiders and strategic investors have indicated an interest to acquire approximately 75% of the equity to be issued. The Company believes this additional equity, coupled with the Convertible Note and Convertible Debenture changes, will give the Company the added flexibility to continue to grow its business.

"We are thankful to all of our stakeholders who have come together to work on these important initiatives as we push towards positive EBITDA in 2024 and beyond. We believe we have built a relevant platform that is poised for continued growth, serving growing healthy foods markets around the globe." commented Steve Bromley, Chair and Co-CEO of Organto. "We continue to focus on our operations to leverage our platform, drive profitable lines of business and develop new growth opportunities."

ON BEHALF OF THE COMPANY

*Steve Bromley*  
Chair and Co-CEO

*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 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 Organto's current business model and related expertise; Organto's belief that they have built a solid platform that is poised for growth serving healthy foods markets around the globe; Organto's belief that it will continue to focus on operations to leverage its platform, drive profitable lines of business and develop new growth opportunities; Organto's belief that a majority of Convertible Note and Convertible Debenture Holders have agreed in principle to sign a Forbearance Agreement through March 15, 2024; Organto's belief that the additional equity from the Company's planned private placement coupled with the Convertible Note and Convertible Debenture changes will give the Company added flexibility to continue to grow its business; 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.

