

Organto Foods Inc.

Overnight Marketed Public Offering of Convertible Debentures

Term Sheet

November 30, 2021

A final base shelf prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

- Issuer:** Organto Foods Inc. (the “**Company**”).
- Offering:** Unsecured Convertible Debentures (the “**Debentures**”).
- Principal Amount:** \$57,000,000 (the “**Offering**”).
- Issue Price:** \$1,000 per Debenture (the “**Issue Price**”).
- Coupon:** 8.0% per annum. Interest on the Debentures is payable annually in arrears on November 30th of each year, commencing on November 30, 2022. The first interest payment on November 30, 2022 will include interest accrued from and including the Closing Date to, but excluding, November 30, 2022.
- Maturity:** The Debentures will mature on November 30, 2026 (the “**Maturity Date**”). On the Maturity Date, the Company will pay the principal amount of the Debentures in full plus any accrued and unpaid interest.
- Over-Allotment Option:** The Company has granted the Underwriters (as defined below) an option, exercisable at the Issue Price at any time until 30 days following the closing of the Offering, to purchase up to an additional 15% of the Offering solely for market stabilization purposes and to cover over-allotments, if any (the “**Over-Allotment Option**”).
- Form of Offering:** Overnight marketed public offering by way of a prospectus supplement to the Company’s short form base shelf prospectus dated July 5, 2021 filed in each of the provinces and territories of Canada and/or by private placement to eligible purchasers resident in other jurisdictions that are mutually agreed to by the Company and Beacon Securities Limited (“**Beacon**”), each acting reasonably, provided that no prospectus filing or comparable obligation arises in such other jurisdictions and the Company does not thereafter become subject to continuous disclosure obligations in such other jurisdictions.
- The Debentures and the Common Shares (as defined herein) have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”) or applicable state securities laws. The Debentures may be offered and sold in other jurisdictions outside of Canada in reliance upon exemptions from registration under applicable securities laws.
- Conversion:** The Debentures shall be convertible, in whole or in part, at the discretion of the holders, into common shares of the Company (“**Common Shares**”) at a conversion price of ~~125%~~\$0.50 (the “**Conversion Price**”). The Conversion Price represents a conversion premium of approximately ~~37%~~ to the closing price of the Common Shares on the TSX Venture Exchange (the “**TSXV**”) on November 30, 2021.
- Accelerated Conversion:** The Company may, at its option, accelerate the conversion of the principal amount of the then outstanding Debentures at the Conversion Price, on not more than 60 days’ and not less than 30 days’ prior notice, should the daily volume weighted average trading price of the Common Shares on the TSXV be greater than ~~125%~~ of the Conversion Price (the “**Accelerated Conversion Price**”) for the 20 consecutive trading days preceding the notice, representing an acceleration premium of approximately ~~71%~~ to the closing price of the Common Shares on the TSXV on November 30, 2021.

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Anti-Dilution:	The Conversion Price and Accelerated Conversion Price will be subject to customary anti-dilution adjustments upon, <i>inter alia</i> , share consolidations, share splits, spinoff events, rights issues, reorganizations and any cash dividends or distributions paid by the Company to shareholders.
Redemption:	The Debentures are not redeemable prior to November 30, 2023, except upon the satisfaction of certain conditions after a Change of Control (as defined below) has occurred. On and after November 30, 2023 and prior to November 30, 2026, the Debentures may be redeemed by the Company, in whole or in part, at a redemption price equal to \$1,000 per Debenture plus accrued and unpaid interest, if any, up to but excluding the date of redemption, provided that the volume-weighted average trading price per Common Share for the 20 consecutive trading days, ending on the fifth trading day preceding the date of determination, on the TSXV (the “ Current Market Price ”) on the date on which notice of redemption is given is at least 125% of the Conversion Price. The Company shall provide not more than 60 days nor less than 30 days prior notice of any redemption.
Share Payment Option on Redemption or Maturity:	Subject to any required regulatory approval and provided no event of default has occurred and is ongoing, the Company has the option, upon not more than 60 nor less than 30 days’ prior notice, to satisfy its obligations to pay on redemption or maturity, the principal amount of and premium (if any) on the Debentures, in whole or in part, by delivering freely tradeable Common Shares. In such event, the number of freely tradeable Common Shares will be determined by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable.
Change of Control:	<p>Upon a change of control, defined generally as the acquisition of voting control or direction over more than 50% of the then issued and outstanding voting shares of the Company, by any person or group of persons acting jointly or in concert, or on a sale, transfer or other disposition, directly or indirectly, of all or substantially all of the assets and properties of the Company and its subsidiaries, taken as a whole (each a “Change of Control”), the Company will be required within 30 days of the occurrence of a Change of Control to make an offer in writing to holders of the Debentures (a “Change of Control Offer”) to purchase within the time period more specifically set out in the indenture governing the Debentures, all Debentures then outstanding at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest.</p> <p>If holders of 90% of the aggregate outstanding principal amount of Debentures tender to the Change of Control Offer, the Company will have the right to redeem all of the remaining Debentures at the same price.</p>
Use of Proceeds:	The net proceeds of the Offering will be used for acquisitions, working capital and general corporate purposes.
Underwriters’ Fee:	6.0% cash fee; plus compensation options (the “ Compensation Options ”) equal to (A) 6.0% of the of the gross proceeds of the Offering, divided by (B) the Conversion Price. Each Compensation Option shall be exercisable into one Common Share at the Conversion Price for 24 months following the Closing Date.
Listing:	Application will be made to list the Common Shares issuable upon conversion of the Debentures on the TSXV. The Common Shares are listed on the TSXV under the symbol “OGO”.
Eligibility:	The Debentures will be eligible as qualified investment for RRSPs, RRIFs, RESPs, DPSPs, RDSPs and TFSA.
Co-Lead Underwriters:	Beacon and PI Financial Corp., on their own behalf and on behalf of a syndicate of underwriters (the “ Underwriters ”).
Closing Date:	On or about November 12, 2021 or such other date as may mutually agreed to between Beacon and the Company (the “ Closing Date ”), each acting reasonably.