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ORGANTO FOODS INC.

AMENDED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the Three Months Ended
March 31, 2023

(Stated in Canadian Dollars)

Organto Foods Inc.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited – expressed in Canadian Dollars)

	March 31, 2023 ($)	December 31, 2022 ($)
Assets	(Note 25)	
Current assets		
Cash	2,045,983	5,769,979
Restricted cash (note 3)	113,902	-
Receivables (notes 4 and 20)	4,607,792	2,290,358
Inventories (note 5)	778,251	235,418
Prepaid expenses	58,829	69,555
Grower advances (notes 6 and 20)	1,448,189	1,438,391
Derivative assets (note 7)	-	38,712
Investment securities (note 8)	120,004	92,541
	9,172,950	9,934,954
Non-current assets		
Property, plant and equipment (note 9)	230,825	-
Long-term grower advances (note 6)	1,041,098	885,229
Intangible assets (note 10)	1,268,636	550,338
Goodwill (note 10)	794,158	-
	12,507,667	**11,370,521**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (notes 13, 14 and 20)	6,307,873	4,165,629
Factored accounts receivable liability (note 4)	726,463	1,313,972
Bank loan (note 11)	680,508	-
Government loans and grants (note 12)	142,963	141,503
Derivative liabilities (note 7)	108,902	-
Operating lease (note 13)	126,181	-
Convertible debentures (note 14)	-	1,446,804
	8,092,890	7,067,908
Non-current liabilities		
Government loans and grants (note 12)	169,431	160,360
Convertible debentures (note 14)	8,243,501	7,232,538
Other liabilities (note 15)	468,394	-
Deferred income taxes (note 10)	153,800	64,800
Total liabilities	**17,128,016**	**14,525,606**
Shareholders' equity (deficit)		
Share capital (note 16(a))	34,961,972	34,842,972
Shares to be issued (note 16(b))	240,660	-
Reserves (note 16(f))	7,617,840	7,394,988
Deficit	(47,440,821)	(45,393,045)
Total shareholders' equity (deficit)	**(4,620,349)**	**(3,155,085)**
	12,507,667	**11,370,521**

Nature of operations and going concern (note 1)
Commitments (note 23)
Subsequent events (note 24)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Organto Foods Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited – expressed in Canadian Dollars)

	Three months ended March 31 2023 ($)	Three months ended March 31 2022 ($)
Sales (notes 20 and 22)	7,503,529	6,999,864
Cost of sales (notes 5, 17 and 20)	(6,772,285)	(6,329,262)
Gross profit	731,244	670,602
Selling, general and administration expenses (notes 18 and 20)	(813,949)	(721,894)
Management fees (note 20)	(250,070)	(270,646)
Labour costs and benefits (note 20)	(1,032,293)	(809,225)
Stock-based compensation (notes 16(c), 16(d) and 20)	(185,452)	(215,338)
	(1,550,520)	(1,346,501)
Interest expense and accretion, net (note 14)	(347,201)	(589,248)
Unrealized gain (loss) on investment securities (note 8)	27,463	(419,597)
Realized gain on derivative assets (note 7)	5,383	11,572
Unrealized gain (loss) on revaluation of derivative assets (note 7)	(146,614)	10,910
Loss on settlement of debt (note 19)	(5,578)	-
Foreign exchange gain (loss)	(30,709)	4,077
Net loss for the period	(2,047,776)	(2,328,787)
Other comprehensive gain (loss) for the period:		
Foreign currency translation	7,491	(132,704)
Comprehensive loss for the period	**(2,040,285)**	**(2,461,491)**
Loss per share:		
Basic and diluted	(0.01)	(0.01)
Shares used in computing loss per share:		
Basic and diluted	284,808,826	279,657,829

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Organto Foods Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – expressed in Canadian Dollars)

	Three months ended March 31	
	2023 **($)**	**2022** **($)**
Operating activities		
Net loss for the period	(2,047,776)	(2,328,787)
Add back:		
Items not involving cash (note 21)	745,305	1,128,539
	(1,302,471)	(1,200,248)
Changes in non-cash working capital (note 21)	(1,282,969)	(938,022)
Changes in restricted cash	(113,902)	-
Cash used in operating activities	(2,699,342)	(2,138,270)
Investing activities		
Software development costs	(19,552)	-
Interest received	12,010	-
Cash paid to purchase New Fruit Group	(361,425)	-
Cash acquired on purchase of New Fruit Group	40,375	-
Cash used in investing activities	(328,592)	-
Financing activities		
Proceeds from convertible debentures, net of issue costs	1,001,020	-
Repayments of convertible debentures	(1,448,000)	-
Proceeds from exercise of stock options	70,000	105,000
Payment of lease liabilities	(38,899)	-
Interest paid	(284,099)	(297,230)
Cash used in financing activities	(699,978)	(192,230)
Effect of foreign exchange on cash	3,916	3,306
Decrease in cash	(3,723,996)	(2,327,194)
Cash, beginning of period	5,769,979	11,869,999
Cash, end of period	**2,045,983**	**5,769,979**

Supplemental cash flow information (note 21)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Organto Foods Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the Three Months Ended March 31, 2023 and 2022
(Unaudited – expressed in Canadian Dollars)

	Number of shares	Share capital ($)	Shares to be issued (cancelled) ($)	Reserves ($)	Deficit ($)	Total ($)
Balance at January 1, 2022	277,386,653	33,854,516	797,770	6,604,958	(34,564,834)	6,692,410
Shares issued:						
Settlement of shares owing for Beeorganic BV	1,579,670	402,816	(402,816)	-	-	-
Settlement of shares owing for ZMS business	1,645,643	394,954	(394,954)	-	-	-
Exercise of stock options	1,500,000	178,500	-	(73,500)	-	105,000
Stock-based compensation	-	-	-	215,338	-	215,338
Comprehensive loss for the period	-	-	-	(132,704)	(2,328,787)	(2,461,491)
Balance at March 31, 2022	**282,111,966**	**34,830,786**	**-**	**6,614,092**	**(36,893,621)**	**4,551,257**
Balance at January 1, 2023	282,233,826	34,842,972	-	7,394,988	(45,393,045)	(3,155,085)
Shares issued on exercise of stock options	1,000,000	119,000	-	(49,000)	-	70,000
Shares to be issued for New Fruit Group	-	-	240,660	-	-	240,660
Convertible debenture offering:						
Conversion option	-	-	-	72,764	-	72,764
Warrants issued	-	-	-	6,145	-	6,145
Stock-based compensation	-	-	-	185,452	-	185,452
Comprehensive loss for the period	-	-	-	7,491	(2,047,776)	(2,040,285)
Balance at March 31, 2023	**283,233,826**	**34,961,972**	**240,660**	**7,617,840**	**(47,440,821)**	**(4,620,349)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of operations and going concern

Organto Foods Inc. ("Organto" or "the Company") is engaged in the sourcing, processing, packaging, distribution and marketing of fresh organic and value-added vegetable and fruit products. The Company employs an asset-light business model to provide a year-round supply of a number of organic and specialty fruit and vegetable products sourced from a global supply base and currently marketed to customers primarily in a variety of European countries. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the stock symbol "OGO", on the OTCQB under the stock symbol "OGOFF" and on the Frankfurt Stock Exchange under the stock symbol "OGF". The Company's head office and principal address is located at 36 Toronto St., Suite 805, Toronto, ON, M5C 2C5, Canada.

Economic sanctions implemented in 2022 by the European Union and other countries in response to the Russia/Ukraine conflict have had and many continue to have an economic impact on the Company including lost sales, supply dislocation and increased supply chain costs driven by rising energy and freight costs. While products initially meant for sale in Russia will be available for sale elsewhere during the period that the sanctions remain in place, their sale cannot be assured. Any of the foregoing events or other unforeseen consequences could materially adversely affect the Company's business, results of operations, financial condition and/or cash flows.

These condensed interim consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business for the foreseeable future. For the three months ended March 31, 2023 the Company incurred a loss of $2,047,776 (March 31, 2022 - $2,328,787). The operations of the Company have historically been funded by the issuance of share capital, bank loans, short-term loans and convertible loans. At March 31, 2023, the Company had working capital of $1,080,060 (December 31, 2022 - $2,867,046) and had an accumulated deficit of $47,440,821 (December 31, 2022 - $45,393,045). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing as needed, continued financial support from related parties, and ultimately on generating future profitable operations. The factors described indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the condensed interim consolidated statement of financial position classifications used. Such adjustments could be material.

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements for the year ending December 31, 2022.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on July 14, 2023.

3. Restricted cash

Restricted cash at March 31, 2023 consists of deposits held by the European financial services company which provides the Company's hedging facility (note 7). Under the terms of the hedging facility, cash deposits are required to provide collateral to maintain margin requirements if the market value of the forward currency contracts exceeds a certain negative value. The deposits are either returned in full if the market value of the forward currency contracts turns positive or on a pro-rata basis when drawing down the contracts. See note 24.

(Unaudited – expressed in Canadian Dollars)

4. Receivables

	March 31, 2023 ($)	December 31, 2022 ($)
Trade accounts receivables	3,798,383	2,129,924
VAT recoverable	344,148	153,096
Other	465,261	7,339
	4,607,792	**2,290,358**

One of the Company's European subsidiaries has established an accounts receivable factoring facility with a European bank for up to €2 million and the Company was required to guarantee the European subsidiary's obligations under the facility. Trade accounts receivable at March 31, 2023 included $726,463 of factored accounts ($1,313,972 at December 31, 2022) with corresponding amounts included in factored accounts receivable liability. Under the factoring facility, the Company is required to maintain credit insurance for those customers whose accounts are factored and has pledged any and all proceeds received under this insurance to the European bank. Factored accounts receivable incur interest at EURIBOR plus 2.25%. The Company retains the credit risk associated with the factored receivables.

In 2022 one of the Company's European subsidiaries filed VAT returns incorrectly. The subsidiary is in the process of correcting this error but until rectified, the tax authorities continue to believe their claim for unpaid taxes of $1,502,164 from the subsidiary is valid. The Company is in the process of submitting appropriate documentation and believes the outcome will be satisfactorily resolved with no amounts owing related to the error in the VAT returns.

5. Inventories

	Fruit and vegetables ($)
Balance, January 1, 2022	**316,324**
Purchases	17,210,843
Expensed as cost of sales (note 17)	(17,291,749)
Balance, December 31, 2022	**235,418**
Purchases	6,344,423
Obtained as part of New Fruit Group acquisition	384,888
Expensed as cost of sales (note 17)	(6,186,478)
Balance, March 31, 2023	**778,251**

6. Grower advances

Periodic advances are made to third-party growers for shipments of product prior to shipping and for various farming needs and are secured with crop harvests, property or other collateral owned by the growers. Grower advances are recorded at the gross amount of the advance amount less any allowances for potentially unrecoverable balances and if advances are to be recovered after one year they are discounted at a market interest rate and are classified based on their expected repayment dates with any advances not expected to be repaid within the next twelve months reported as long-term. Grower advances are reviewed on a regular basis to determine their recoverability.

(Unaudited – expressed in Canadian Dollars)

	March 31, 2022 ($)	December 31, 2022 ($)
Advances expected to be recovered within the next twelve months	1,448,189	1,438,391
Advances with an expected recovery date later than twelve months	1,041,098	885,229
	2,489,287	**2,323,620**

At March 31, 2023, short-term grower advances includes $547,299 (December 31, 2022 – $516,554) receivable from a related party (note 20).

7. Derivative assets and liabilities

The Company's European subsidiary has established hedging facility with a European financial services company in order to hedge its exposure to fluctuations in the US dollar vs Euro exchange rate. The facility is for forward currency exchange contracts up to a maximum of US$14 million. As part of this facility, the Company was required to guarantee the European subsidiary's obligations under the facility.

At March 31, 2023 the net forward currency exchange contracts required the Company to purchase US dollars for more than if they would be acquired on the spot market, and a derivative liability has been recognized. The carrying value of the derivative liabilities of $108,902 represents the difference between the cost to acquire US dollars on the spot market and through the forward currency exchange contracts. Net gains and losses on the valuation of these derivative assets throughout the quarter have been recorded as an unrealized gain on derivative assets and liabilities and is included in the current quarter's net loss. At December 31, 2022 the difference between spot and contracted rates resulted in a derivative asset of $38,712.

During the three months ended March 31, 2023 the Company's European subsidiary purchased US dollars utilizing its forward currency exchange facility. The difference between the cost to acquire the US dollars through the forward currency exchange contracts and the spot market at the time of purchase has been recorded as a realized gain of $5,383 and is included in the current quarter's condensed interim consolidated statement of comprehensive loss. During the three months ended March 31, 2022 the difference between spot and contracted rates at the time of purchase resulted in a realized gain of $11,572.

8. Investment securities

On February 28, 2023 Xebra Brands Ltd. ("Xebra") consolidated their shares on a one for five basis reducing the number of shares owned by the Company to 656,256 shares. The comparative number of shares has been adjusted to reflect the consolidation.

At March 31, 2023 the Company held 656,256 common shares of Xebra (December 31, 2022 – 656,256), of which 43,355 (December 31, 2022 – 247,656) are subject to trading restrictions that expire between in September 2023. At March 31, 2023 the Company revalued the Xebra shares to a carrying value of $120,004 (December 31, 2022 - $92,541) which represents a discount to their market value of $121,407 (December 31, 2021 - $98,438) to reflect these trading restrictions and the Company recognized a revaluation gain of $27,463 for the three months ended March 31, 2023 (2022 – loss of $419,597). Subsequent to March 31, 2023 the market value of the Xebra shares held by the Company has fluctuated between $55,782 and $127,970.

9. Property, plant and equipment

Property, plant and equipment consists of the right-of-use asset associated with its lease of warehouse facilities in Europe (note 13). The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability. The Company depreciates the right-of-use assets on a straight-line basis over the two year lease term.

(Unaudited – expressed in Canadian Dollars)

	Right of use asset ($)
Cost	
Balance, January 1, 2023	-
Additions (note 13)	263,799
Foreign exchange	-
At March 31, 2023	**263,799**
Accumulated amortization	
Balance, January 1, 2023	-
Amortization	(32,598)
Foreign exchange	(7,768)
At March 31, 2023	**(32,974)**
Net carrying value at March 31, 2023	**230,825**

10. Intangible assets

Intangible assets include the trade name and client relationships acquired in 2021 when the Company purchased 100% of the outstanding shares of Fresh Organic Choice BV (“Fresh Organic Choice”) and Beeorganic B.V. (“Beeorganic”) as well as the operating business of Zimbabwe Marketing Services B.V. (“ZMS”). The trade name and client relationships of NFG New Fruit Group GmbH (“New Fruit Group”) were acquired in 2023 as described below.

The amortization of trade names and customer and supplier relationships is included in selling, general and administrative expenses on the consolidated statement of comprehensive loss.

In January 2023, the Company purchased 100% of the outstanding shares of New Fruit Group, a privately held German corporation and a provider of organic fruits sold throughout Europe. Purchase consideration was made up of the payment of 250,000 euros in cash, the issuance of 2,250,000 common shares of Organto, a promissory note payable of 158,956 euros and an earn-out to the former owners of up to 650,000 euros based on pre-established growth targets to be attained over the next three years (note 15). The promissory note bears interest at 2% and is payable in 2024 and 2025. The common shares were issued in May 2023 and are subject to escrow provisions and will become freely tradable in equal amounts over the next five years.

The allocation of the purchase price was as follows:

(Unaudited – expressed in Canadian Dollars)

	($)
Cash paid	361,425
Shares issued	240,660
Promissory note	291,894
Fair value of earn-out payments	135,306
Total consideration	**1,029,285**

Net assets acquired:	
Cash	40,375
Accounts receivable	626,783
VAT receivable	4,020
Inventories	384,888
Grower advances	126,474
Intangible assets	731,642
Goodwill	794,158
Accounts payable and accrued liabilities	(921,524)
Bank loan	(668,531)
Deferred income tax liability	(89,000)
	1,029,285

The purchase consideration has been allocated on a preliminary basis to the fair value of assets acquired and liabilities assumed based on management's best estimates taking into account all available information at the time of acquisition as well as applicable information at the time these consolidated financial statements were prepared. The Company will continue to review information and perform further analysis with respect to these assets, prior to finalizing the allocation of the purchase price.

The acquisition method of accounting was used to account for the acquisition of New Fruit Group. Under this method, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date and the excess of the cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill.

The results of operations of New Fruit Group are included in the consolidated financial statements of the Company from January 2, 2023, that date being the date on which Organto's control of New Fruit Group commenced. The fair value of the earn-out payments was calculated using the present value of the anticipated future payments, discounted at 33% and is recorded in other long-term liabilities. The carrying value of the earn-out payments will be accreted over the next three years or until fully paid.

Legal and consulting costs related to the acquisition of $42,187 ($115,251 in the fourth quarter of 2022) have been charged to professional fees in selling, general and administrative expenses in the condensed interim consolidated statement of comprehensive loss.

Intangible assets also include the cost of externally acquired and developed software used in the design and implementation of new reporting software for the Company's European subsidiaries and software acquired in the purchase of New Fruit Group. Development of this reporting software is expected to continue until its target date for implementation in 2023. Amortization of the software asset will begin upon implementation. Software acquired in the purchase of New Fruit Group is being amortized on a straight line basis over 10 years.

(Unaudited – expressed in Canadian Dollars)

	Intangible assets			
	Trade names ($)	**Customer and supplier lists ($)**	**Software ($)**	**Total ($)**
Cost				
Balance, January 1, 2022	66,070	1,068,231	-	1,134,301
Additions	-	-	118,355	118,355
Impairment	(40,193)	(488,492)	-	(528,685)
Foreign exchange	-	(5,962)	-	(5,962)
At December 31, 2022	**25,877**	**573,777**	**118,355**	**718,009**
Accumulated amortization				
Balance, January 1, 2022	(12,663)	(34,864)	-	(47,527)
Amortization	(13,214)	(105,665)	-	(118,879)
Foreign exchange	-	(1,265)	-	(1,265)
At December 31, 2022	**(25,877)**	**(141,794)**	**-**	**(167,671)**
Net carrying value at December 31, 2022	**-**	**431,983**	**118,355**	**550,338**

	Intangible assets			
	Trade names ($)	**Customer and supplier lists ($)**	**Software ($)**	**Total ($)**
Cost				
Balance, January 1, 2023	25,877	573,777	118,355	718,009
Additions	-	608,273	142,921	751,194
Foreign exchange	-	-	4,236	4,236
At March 31, 2023	**25,877**	**1,182,050**	**265,512**	**1,473,439**
Accumulated amortization				
Balance, January 1, 2023	(25,877)	(141,794)	-	(167,671)
Amortization	-	(28,978)	(8,154)	(37,132)
At March 31, 2023	**(25,877)**	**(170,772)**	**(8,154)**	**(204,803)**
Net carrying value at March 31, 2023	**-**	**1,011,278**	**257,358**	**1,268,636**

(Unaudited – expressed in Canadian Dollars)

	Goodwill ($)
Balance at January 1, 2022	757,439
Impairment	(753,019)
Foreign exchange	(4,420)
Net carrying value at December 31, 2022	**-**
Additions	794,158
Net carrying value at March 31, 2023	**794,158**

The intangible assets acquired in the New Fruit Group acquisition are not deductible for income tax purposes and deferred income taxes of $89,000 have been recognized and added to the goodwill's carrying value.

11. Bank loan

The Company assumed a bank loan with an Italian bank when it acquired New Fruit Group. The loan is a line of credit with a maximum of €500,000 and bears interest at 3.3%. The line of credit ends in May 2023 at which time is it due and payable. See note 24).

12. Government loans and grants

Canada

The Company received proceeds of $40,000 in September 2020 and an additional $20,000 in December 2020 under the Canada Emergency Business Account ("CEBA") program. The loan is a 0% interest bearing loan with no principal payments required. Originally, the loan could be repaid at any time and $20,000 of the loan would be forgiven if repaid in full before December 31, 2022. In October 2022 the Company was advised that the repayment deadline for partial loan forgiveness was extended from December 31, 2022 to December 31, 2023. If not repaid by December 31, 2023, the loan can be converted into a 3-year term loan at 5% annual interest paid monthly effective January 1, 2025.

Netherlands

In response to the COVID-19 global pandemic, the Netherlands government implemented a tax payment extension for certain taxes beginning in March 2020. Payment of amounts deferred under this program are to begin in October 2022 and continue through October 2027. As long as payments are made, no interest is charged but missed or late payments are charged interest at rates between 1% and 4% depending on the payment's due date. Earlier payments are allowed.

Amounts payable under this program consist of payroll withholding taxes. Amounts with payment due dates after December 31, 2023 are recognized at fair value and the difference between their fair value and their original amount is recognized as a government grant and any government grant is reported in other loss. Amounts with payment due dates prior to or on December 31, 2023 are recognized at their face value and recorded in accounts payable and accrued liabilities.

(Unaudited – expressed in Canadian Dollars)

	March 31, 2023 ($)	December 31, 2022 ($)
Current:		
Canada CEBA loan	60,000	60,000
Taxes payable under the Netherlands tax payment extension program	82,963	81,503
	142,963	141,503
Long-term:		
Taxes payable under the Netherlands tax payment extension program	169,431	160,360
	312,394	**301,863**

13. Operating lease

The Company began leasing warehouse facilities in January 2023. The lease has a term of two years with monthly cost of €8,820. At the commencement of the lease, the Company recognized a right-of-use asset (note 9) and a lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability. The Company depreciates the right-of-use assets on a straight-line basis over the two year lease term. At the commencement date, the Company valued the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate of 16.5%. Over the term of the lease, the liability will be reduced for payments made and increased for interest.

	March 31, 2023 ($)	December 31, 2022 ($)
Lease payments due within the next twelve months	126,181	-
Lease payments due later than twelve months	109,174	-
	235,355	**-**

Lease payments due within the next twelve months are reported in accounts payable and accrued liabilities, and lease payments due later than twelve months from the statement date are reported in other long-term liabilities (note 15).

14. Convertible debentures

December 2022 series

In December 2020 the Company completed a private placement of convertible debentures with a total face value of $3,356,850. The debentures were unsecured and had a term of two years and bore interest at 8% annually, payable in arrears beginning one year after their date of issuance.

The debentures were convertible into shares of Organto at $0.30 per share and interest was not convertible. The holder could convert all or part of the debentures at any time and the Company could prepay all or part of the debentures at any time. The Company had the right to force conversion of the Debentures any time after April 29, 2021 if the closing price of the Company's shares exceeded $0.45 or more for ten consecutive trading days.

Debentures with a face value of $522,000 were converted in 2021 resulting in the issuance of 1,739,995 common shares and debentures with a face value of $41,000 were prepaid in 2022.

On their maturity date of December 29, 2022, $1,655,850 were repaid by issuing new convertible debentures ("December 2024 series" below). The remaining $1,138,000 of debentures were repaid in cash in January 2023.

January 2023 series

In January 2021 the Company completed a private placement of convertible debentures with a total face value of $310,000. The debentures were unsecured and had a term of two years and bore interest at 8% annually, payable in arrears beginning one year after their date of issuance.

The debentures were convertible into shares of Organto at $0.30 per share and interest was not convertible. The holder could convert all or part of the debentures at any time and the Company could prepay all or part of the debentures at any time. The Company had the right to force conversion of the Debentures any time after May 5, 2021 if the closing price of the Company's shares exceeded $0.45 or more for ten consecutive trading days.

These debentures were repaid in cash in January 2023.

December 2024 series A

In December 2022 the Company issued convertible debentures with a total face value of $1,655,850. The December 2024 debentures are unsecured and have a term of two years and bear interest at 10% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $0.30 per share and interest is not convertible. The holder may convert all or part of the debentures at any time. If, at any time after April 29, 2023, the closing price of the Company's shares exceeds $0.45 or more for ten consecutive trading days, the Company has the right to force conversion of the Debentures.

The issuance of this series of debentures was considered an extinguishment of the December 2022 series of debentures. As such, the fair value of both the debt component and the equity component of the debentures must be calculated with any excess over face value, together with any transaction costs recorded as a loss.

The Company recorded $1,483,600 as the fair value of the debt component of the debentures, and $201,823 as the fair value of the equity component of the debentures. The debt component of the debentures is being accreted to the face value of the loan over the two-year term.

With a maturity date of December 29, 2024, this series of debentures is classified as long-term.

December 2024 series B

In March 2023 the Company completed an offering of convertible debentures with a total face value of $500,000. The debentures are unsecured and have a term expiring on December 20, 2024, the same expiry date as the December 2024 series A of debentures. The series B debentures bear interest at 10% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $0.30 per share and interest is not convertible. The holder may convert all or part of the debentures at any time. If, at any time after July 29, 2023, the closing price of the Company's shares exceeds $0.45 or more for ten consecutive trading days, the Company has the right to force conversion of the Debentures.

The Company recorded $465,000 as the fair value of the debt component of the debentures, with the residual amount of $35,000 allocated to the equity component of the debentures. The debt component of the debentures is being accreted to the face value of the loan over the twenty-one month term. A total of $30,000 in transaction costs was allocated to the liability and the equity components of the debentures.

With a maturity date of December 29, 2024, this series of debentures is classified as long-term.

February 2025 series

In February 2025 the Company completed an offering of convertible debentures with a total face value of $295,000. The debentures are unsecured and have a term of two years and bear interest at 10% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $0.30 per share and interest is not convertible. The holder may convert all or part of the debentures at any time. If, at any time after June 28, 2023, the closing price of the Company's shares exceeds $0.45 or more for ten consecutive trading days, the Company has the right to force conversion of the Debentures.

The Company recorded $271,105 as the fair value of the debt component of the debentures, with the residual amount of $23,895 allocated to the equity component of the debentures. The debt component of the debentures is being accreted to the face value of the loan over the two year term.

Transaction costs totaled $21,417 and included $17,700 in cash and 59,000 warrants with each warrant entitling the holder to purchase one common share at a price of $0.30 for a period of two years. These finder warrants have a total fair value of $3,717 determined using the Black-Scholes Option Pricing Model (note 16(e)). These transaction costs were allocated to the liability and the equity components of the debentures.

With a maturity date of February 28, 2025, this series of debentures is classified as long-term.

March 2025 series

In March 2025 the Company completed an offering of convertible debentures with a total face value of $238,000. The debentures are unsecured and have a term of two years and bear interest at 10% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $0.30 per share and interest is not convertible. The holder may convert all or part of the debentures at any time. If, at any time after July 28, 2023, the closing price of the Company's shares exceeds $0.45 or more for ten consecutive trading days, the Company has the right to force conversion of the Debentures.

The Company recorded $218,960 as the fair value of the debt component of the debentures, with the residual amount of $19,040 allocated to the equity component of the debentures. The debt component of the debentures is being accreted to the face value of the loan over the two year term.

Transaction costs totaled $16,708 and included $14,280 in cash and 47,600 warrants with each warrant entitling the holder to purchase one common share at a price of $0.30 for a period of two years. These finder warrants have a total fair value of $2,428 determined using the Black-Scholes Option Pricing Model (note 16(e)). These transaction costs were allocated to the liability and the equity components of the debentures.

With a maturity date of March 28, 2025, this series of debentures is classified as long-term.

November 2026 series

In November 2021 the Company completed an offering of convertible debentures with a total face value of $8,050,000. The debentures are unsecured and have a term of five years and bear interest at 8% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $0.50 per share and interest is not convertible. The holder may convert all or part of the debentures at any time after November 30, 2023. If, at any time after November 30, 2023, the 20-day volume weighted average trading price of the Company's shares on the TSXV exceeds $0.625, the Company has the right to force conversion of the Debentures. The Company may repay all or a portion of the convertible debentures by issuing common shares worth $1,053 based on their current market price for each $1,000 face value of convertible debentures. The Company may also pay all or a portion of the interest payable by issuing common shares to the debenture trustee who shall sell the common shares and use the proceeds to pay the interest due to debenture holders.

(Unaudited – expressed in Canadian Dollars)

The Company recorded $6,278,676 as the fair value of the debt component of the debentures, with the residual amount of $1,771,324 allocated to the equity component of the debentures. The debt component of the debentures is being accreted to the face value of the loan over the five-year term.

Transaction costs of $956,627 were paid in cash including $126,084 in finder's fees. Finder's fees totaled $483,000 and included 966,000 warrants with each warrant entitling the holder to purchase one common share at a price of $0.50 for a period of two years. A total of $1,215,515 in transaction costs was allocated to the liability and the equity components of the debentures.

With a maturity date of November 30, 2026, this series of debentures is classified as long-term.

A summary of the convertible debentures is as follows:

	($)
Balance at December 31, 2022	8,679,342
Convertible debentures issued for cash	1,033,000
Allocated to equity component	(77,935)
Transaction costs allocated to debt component	(62,953)
Accretion	120,047
Repaid in cash	(1,448,000)
Balance at March 31, 2023	**8,243,501**

Convertible debentures by maturity:

Maturing in less than one year	1,446,804
Maturing in more than one year	7,232,538
Balance at December 31, 2022	**8,679,342**
Maturing in less than one year	-
Maturing in more than one year	8,243,501
Balance at March 31, 2023	**8,243,501**

Accrued interest on all outstanding debentures totals $261,429 and is recorded in accounts payable and accrued liabilities at March 31, 2023 (December 31, 2022 - $322,867).

15. Other liabilities

Other liabilities is comprised of:

	March 31, 2023 ($)	December 31, 2022 ($)
Operating lease – long-term portion (note 13)	109,174	-
Earnouts payable (note 10)	67,236	-
Promissory note (note 10)	291,894	-
	468,394	**-**

As part of the consideration paid for the acquisition of New Fruit Group, the Company entered into an agreement with the former managers who continue to manage New Fruit Group whereby if certain growth targets are achieved in the three years after acquisition, up to €650,000 could be payable. The fair value of the earnout liability was calculated by discounting the expected future payments and will be accreted to their face value over their term or until fully paid. The portion of the earnout expected to be paid within one year is $156,618 and is recorded in accounts payable and accrued liabilities. The balance of the earnout expected to be paid is recorded as a long-term liability. Both current and long-term portions of the earnout liability will be accreted to the amounts expected to be paid over the next three years.

Part of the consideration paid to acquire New Fruit Group was the issuance of a promissory note by the Company to the former shareholders of New Fruit Group. The promissory note bears interest at 2% and is for €158,956 with payments due in 2024 and 2025. The fair value of the promissory note was calculated by discounting the future payments and will be accreted to its face value over its three-year term.

16. Share capital

(a) Common shares

The Company is authorized to issue an unlimited number of common shares without par value. At March 31, 2023 the Company had 283,233,826 (December 31, 2021 - 282,233,826) common shares issued and outstanding.

(b) Shares to be issued

As part of the consideration paid for the purchase of New Fruit Group, 2,250,000 common shares were still to be issued as at March 31, 2023. These shares were issued in May 2023 (note 24).

(c) Share options

The Company has adopted a rolling stock option plan whereby the Board of Directors, may from time to time, grant options to directors, officers, employees or non-employee service providers to a maximum of 10% of the outstanding common shares of the Company at any point in time, less any share options already reserved for issuance under share options granted under previous stock option plans of the Company or granted under any other employee incentive purchase plan that the Company may adopt. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors.

(Unaudited – expressed in Canadian Dollars)

The continuity of the Company's share options is as follows:

	Total options		Exercisable options	
	Total options	Weighted average exercise price ($)	Exercisable options	Weighted average exercise price ($)
Balance, January 1, 2022	21,870,000	0.193	13,155,750	0.146
Granted	1,535,000	0.223	372,000	0.221
Vested	-	-	3,701,000	0.224
Exercised	(1,500,000)	0.07	(1,500,000)	0.07
Expired	(1,970,000)	0.212	(1,653,750)	0.192
Balance at December 31, 2022	**19,935,000**	**0.203**	**14,075,000**	**0.171**
Granted	300,000	0.19	60,000	0.19
Vested	-	-	127,000	0.289
Exercised	(1,000,000)	0.07	(1,000,000)	0.07
Balance at March 31, 2023	**19,235,000**	**0.203**	**13,262,000**	**0.18**

A summary of the Company's share options outstanding and exercisable at March 31, 2023 is as follows:

Exercise price ($)	Average years to expiry	Number of options outstanding	Number of options exercisable
0.07	1.73	3,000,000	2,840,000
0.08	1.18	60,000	30,000
0.10	2.41	2,780,000	2,188,000
0.135	0.70	2,615,000	2,615,000
0.15	0.25	600,000	600,000
0.18	2.68	300,000	300,000
0.19	4.98	300,000	60,000
0.20	4.50	85,000	34,000
0.21	4.73	1,300,000	325,000
0.265	2.73	1,695,000	1,125,000
0.285	2.82	700,000	540,000
0.30	3.72	1,825,000	730,000
0.35	3.83	150,000	60,000
0.37	3.66	3,375,000	1,455,000
0.42	2.91	300,000	300,000
0.43	3.39	150,000	60,000
	2.62	**19,235,000**	**13,262,000**

The Company recognizes stock-based compensation over the vesting period of the underlying options using the Black-Scholes Option Pricing Model for those options with set vesting dates and the Binomial Method for those options which vest based on market conditions. Option pricing methods require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and/or vested during the period. The fair value of the options granted in 2023 was calculated using the Black-Scholes Option Pricing Model with the following inputs: expected price volatility of 109%, risk free interest rate of 2.88%, expected lives of 5 years and no dividend yield.

(Unaudited – expressed in Canadian Dollars)

The fair value of the options granted in the three months ended March 31, 2023 was $26,700 (2022 - $15,900) and the Company recognized $123,161 (2022 - $202,031) as stock-based compensation expense relating to options that vested.

The average share price during the three months ended March 31, 2023 related to options exercised was $0.115 (2022 – $0.126).

(d) Restricted share units

The Company has adopted a restricted share unit ("RSU") plan to issue RSUs whereby the total aggregate RSUs and share options outstanding may be up to 10% of its issued capital at the time of an applicable option grant. Under the RSU plan, the Company's Board of Directors may from time to time, grant RSUs to directors, officers, employees or consultants. The vesting terms of an RSU are at the discretion of the Board of Directors. The option to settle the RSUs in cash or in shares is also at the option of the Board of Directors.

At March 31, 2023 a total of 3,775,000 RSUs were outstanding, of which 1,825,000 had vested. No vested RSUs were paid in the three months ended March 31, 2023 and 2022.

(e) Warrants

In February and March 2022 the Company issued 106,600 warrants in connection with the convertible debentures issued in February and March 2023. These warrants are exercisable for a period of two years at an exercise price of $0.30 per share. The fair value of these warrants of $6,145 was calculated using the Black-Scholes Option Pricing Model with the following inputs: expected price volatility of 109%, risk free interest rate of 4.03%, expected life of 2 years and no dividend yield. The value of these warrants was classified as a transaction cost for the debentures and is recorded as an offset to the convertible debentures balance and will be amortized over the expected terms of the debentures.

Warrants outstanding and exercisable at March 31, 2023 are as follows:

Grant date	Number of warrants	Exercise price ($)	Expiry Date
November 2021	966,000	0.50	November 2023
December 2022	184,280	0.30	December 2024
February 2023	59,000	0.30	February 2025
March 2023	47,600	0.30	March 2025
	1,256,880	**0.454**	

The continuity of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price ($)
Balance at January 1, 2022	1,705,670	0.39
Issued	184,280	0.30
Exercised	(121,860)	0.10
Expired	(555,810)	0.17
Balance at December 31, 2022	**1,212,280**	**0.459**
Issued	106,600	0.30
Expired	(62,000)	0.30
Balance at March 31, 2023	**1,256,880**	**0.454**

(Unaudited – expressed in Canadian Dollars)

The average share price on the date of exercise of the warrants was $0.15 in 2022.

(f) Reserves

	Options and RSUs ($)	Warrants ($)	Other reserves ($)	Cumulative translation ($)	Total ($)
Balance, January 1, 2022	1,468,159	476,237	888,171	737,252	3,569,819
Stock-based compensation	917,017	-	-	-	917,017
Exercise of stock options	(73,500)	-	-	-	(73,500)
Convertible debentures prepaid	-	-	(665)	-	(665)
Issue of convertible debentures	-	-	201,823	-	201,823
Fair value of warrants issued	-	11,610	-	-	11,610
Accumulated comprehensive loss	-	-	-	(266,255)	(266,255)
Balance at December 31, 2022	**3,632,585**	**746,735**	**2,601,095**	**414,573**	**7,394,988**
Stock-based compensation	185,452	-	-	-	185,452
Exercise of stock options	(49,000)	-	-	-	(49,000)
Issue of convertible debentures	-	-	72,764	-	72,764
Fair value of warrants issued	-	6,145	-	-	6,145
Accumulated comprehensive loss	-	-	-	7,491	7,491
Balance at March 31, 2023	**3,769,037**	**752,880**	**2,673,859**	**422,064**	**7,617,840**

17. Cost of sales

	Three months ended March 31	
	2023 ($)	**2022 ($)**
Produce purchases (note 5)	6,196,844	5,621,527
Freight	291,453	357,899
Packaging and other	276,596	349,836
Amortization (note 10)	7,392	-
	6,772,285	**6,329,262**

18. Selling, general and administration expenses

	Three months ended March 31	
	2023 ($)	**2022 ($)**
Administration and office	573,483	431,632
Professional fees	175,361	260,367
Amortization (note 10**Error! Reference source not found.**)	62,338	29,895
Bad debt expense	2,767	-
	813,949	**721,894**

(Unaudited – expressed in Canadian Dollars)

19. Loss on settlement of debt

	Three months ended March 31 2023 ($)	Three months ended March 31 2022 ($)
Loss on settlement of accounts payable	(5,578)	-

20. Related party transactions

(a) Directors and key management personnel compensation:

	Three months ended March 31 2023 ($)	Three months ended March 31 2022 ($)
Salaries, consulting and management fees	248,270	271,665
Stock based compensation	150,278	139,575
	398,547	**411,240**

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the three month periods ended March 31, 2023 and 2022.

(b) Transactions with related parties:

	Three months ended March 31 2023 ($)	Three months ended March 31 2022 ($)
Administrative services	183,722	126,449
Produce sales	-	23,833

(c) Outstanding balances payable (receivable):

	March 31, 2023 ($)	December 31, 2022 ($)
Salaries, consulting and management fees	12,500	107,019
Interest on convertible debentures	-	37,356
Administration services	54,848	-
Expense reimbursements	8,031	5,111
Advances to suppliers (note 6)	(547,299)	(516,554)
Product sales	-	(21,112)

(Unaudited – expressed in Canadian Dollars)

21. Supplemental cash flow information

	Three months ended March 31 2023 ($)	2022 ($)
Items not involving cash:		
Amortization	69,730	29,895
Bad debt expense	2,767	-
Stock-based compensation	185,452	215,338
Interest expense and accretion	347,201	589,248
Foreign currency translation	15,426	(114,629)
Other loss		
Loss on settlement of debt	5,578	-
Unrealized loss (gain) on revaluation of investment securities	(27,463)	419,597
Unrealized loss (gain) on revaluation of derivatives	146,614	(10,910)
	745,305	**1,128,539**
Changes in non-cash working capital:		
Receivables	(1,689,397)	164,040
Inventories	(157,945)	32,494
Grower advances	(37,444)	-
Prepaid expenses	10,726	(43,559)
Accounts payable and accrued liabilities	1,178,600	(1,090,997)
Factored accounts receivable	(587,509)	-
	(1,282,969)	**(938,022)**
Non-cash investing and financing activities includes the following:		
Common shares issued or issuable:		
as part of New Fruit Group acquisition	240,660	-
as part of Beeorganic acquisition	-	402,816
as part of ZMS business acquisition	-	394,954
Promissory note issued as part of New Fruit Group acquisition	291,894	-
Earnout liability from New Fruit Group acquisition	135,306	-

22. Segmented information

The Company has one reportable business segment, being the sourcing, processing, packaging, distribution and marketing of organic and specialty food products in Europe.

In the three months ended March 31, 2023, 42% of the Company's sales were to 4 customers with each customer accounting for at least 5% of total sales. In the three months ended March 31, 2022, 47% of the Company's sales were to 6 customers with each customer accounting for at least 5% of total sales.

In the three months ended March 31, 2023, 37% of the Company's purchases were from 7 suppliers with each supplier accounting for at least 5% of total purchases. In the three months ended March 31, 2022, 55% of the Company's purchases were from 3 suppliers with each supplier accounting for at least 5% of total purchases.

(Unaudited – expressed in Canadian Dollars)

Information by geographical areas is as follows:

	March 31, 2023 ($)	December 31, 2022 ($)
Non-current assets		
Canada	-	-
Europe	3,334,717	1,435,567
	3,334,717	**1,435,567**

23. Commitments

At March 31, 2023 the Company had entered into agreements which call for minimum payments as follows:

	Within 1 year ($)	Between 1 and 5 years ($)	After 5 years ($)	Total ($)
Management fees	238,046	-	-	238,046
Administration services	2,207	-	-	2,207
Labour and benefits	365,229	86,236	-	451,464
Property lease	155,754	155,754	-	311,508
Software development costs	101,043	57,455	-	158,498
Forward currency exchange contracts	18,091,304	-	-	18,091,304
	18,953,582	**299,445**	**-**	**19,253,027**

The Company has a hedging facility with a European financial services company in order to hedge its exposure to fluctuations in the US dollar vs Euro exchange rate. The facility is for forward exchange contracts, up to a maximum of US$15.8 million.

24. Subsequent events

Common shares

In May 2023 2,250,000 common shares were issued to the former shareholders of New Fruit Group as part consideration for the purchase of 100% of the common shares of New Fruit Group by the Company in January 2023.

In July 2023, 200,000 common shares were issued on the exercise of restricted share units.

Bank loan

In May 2023 the bank loan and accrued interest was repaid by making a cash payment of €456,919.

Restricted cash

In April, May and June 2023, a total of $340,000 was deposited as additional collateral for the Company's foreign exchange hedging program.

(Unaudited – expressed in Canadian Dollars)

Stock options

In June 2023, 1,000,000 stock options were granted to an officer with an exercise price of $0.135 per share and a term of five years. 200,000 of these options vested immediately and the balance will vest between 2024 and 2027.

Restricted share units

In June 2023, 500,000 restricted share units with a term of three years were granted to an employee. 375,000 of these restricted share units will vest in 2024 and 125,000 will vest in 2025.

In July 2023, 200,000 restricted share units were exercised and 200,000 common shares were issued.

25. Amended condensed interim consolidated financial statements

These amended condensed interim consolidated financial statements are being filed to replace in their entirety, the original condensed interim consolidated financial statements filed for the three months ended March 31, 2023 filed on May 30, 2023.

These amended condensed interim consolidated financial statements are amended for the following :

- The Notice of No Review by Auditor has been removed as the review of the condensed interim consolidated financial statements for the three months ended March 31, 2023 has been completed.
- A reallocation of intangible assets to property, plant and equipment was made with no change to total assets, total liabilities or shareholder's deficit as noted below:

	As amended March 31, 2023	**As originally reported March 31, 2023**
Property, plant and equipment	230,825	-
Intangible assets	1,268,636	1,499,4618