Court File No. CV-24-00722386-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 50473946 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.
(each an **"Applicant"** and collectively, the **"Applicants")**

THIRD SUPPLEMENT TO THE FIRST REPORT OF THE MONITOR DATED JULY 9, 2024

INTRODUCTION

1. This third supplement to the First Report of the Monitor (the "**Third Supplement**") is provided in reference to the Monitor's First Report dated June 27, 2024 (the "**First Report**"), the Monitor's Supplement to the First Report dated July 2, 2024 (the "**First Supplement**") and the Monitor's Second Supplement to the First Report dated July 5, 2024 (the "**Second Supplement**"). All capitalized terms used but not defined in this Third Supplement shall have the meanings given to them in the First Report, the First Supplement or the Second Supplement, as applicable. This Third Supplement should be read in conjunction with the First Report, the First Supplement, the Second Supplement and the affidavits of Jason Cervi affirmed on June 30, 2024 (the "**Third Cervi Affidavit**"), July 4, 2024 (the "**Fourth Cervi Affidavit**"), July 8, 2024 (the "**Fifth Cervi Affidavit**") and confidential affidavit of Jason Cervi affirmed on July 8, 2024 (the "**Second Cervi Confidential Affidavit**").

PURPOSE

2. The purpose of this Third Supplement is to provide further information to the Court in connection with the Applicants' motion initially returnable June 27, 2024 and ultimately adjourned to July 9, 2024[1] regarding:

   a. the status of the discussions between the Applicants and GreenSeal's secured lenders; and

   b. the Monitor's view in respect of the Applicants' request for a Third Amended and Restated Initial Order (the "**TARIO**") substantially in the form included at Tab 3 to the Applicants' Motion Record dated July 8, 2024.

BACKGROUND

3. On July 2, 2024, this Court issued an Amended and Restated Initial Order (the "**ARIO**") that amongst other things extended the Stay Period to July 5, 2024 in relation to GreenSeal to allow GreenSeal and its secured creditors to pursue ongoing discussions around the financing of GreenSeal's operations post-filing.

4. On July 5, 2024, the Stay Period was further extended to July 9, 2024 for the same purpose. On the same date, the Court issued a Second Amended and Restated Initial Order (the "**SARIO**") which made certain clarifying amendments to the ARIO related to maximum amount of the AgMedica DIP Lender's Charge and the Bridge Lender's Charge.

UPDATE ON DISCUSSIONS WITH GREENSEAL'S SECURED LENDERS

5. Prior to the Initial Order and since the Second Supplement, the Applicants had been in discussions with Stoke around potential interim financing arrangements for GreenSeal. Since the Second Supplement, discussions advanced and the parties were working towards

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[1] The motion was adjourned to June 28, 2024, then to July 2, 2024, then to July 5, 2024, and then to July 9, 2024 to allow further discussions between certain of the Applicants and certain of their secured lenders.

a potential interim financing arrangement. The Monitor had been involved with these discussions.

6. As part of these discussion, the Applicants provided different iterations of the cash flow forecast to Stoke to reflect updated information at different points in time, and various scenarios with different assumptions to match the use and purpose of such cash flow forecast. This included:

   a. a draft cash flow forecast dated June 17, 2024 that was provided to secured lenders which contemplated a consolidated DIP facility for all Applicants provided by one of the secured lenders, with a DIP draw of approximately $500,000 for GreenSeal; and

   b. an updated cash flow forecast that was included in the First Report which contemplated a consolidated DIP facility for all Applicants from the current DIP Lender of $7 million of which $1.8 million would be drawn by GreenSeal and which included significant disbursements on account of interest and factoring settlements as outlined in the assumptions.

7. These varying cash flow forecasts are illustrative of attempts by the Applicants to find a viable path forward with all of their stakeholders.

8. Although progress appeared to have been made, the discussions with Stoke appeared to stall by the evening of July 5, 2024.

9. Realizing that a solution involving interim financing may not be achievable, the Applicants developed an alternative proposal (the "**Proposal**") for GreenSeal to continue as a going concern as an Applicant in these CCAA proceedings without interim financing. The Proposal is outlined below.

10. The Applicants conveyed the Proposal to both of GreenSeal's main secured creditors, Stoke and YNCU, on July 6, 2024 and sought to engage in discussions with Stoke and YNCU on the Proposal. The Monitor has been informed by each of Stoke and YNCU that they do not support the Proposal and intend to seek the appointment of a receiver over the property of GreenSeal at the hearing on July 9, 2024.

THE PROPOSAL

11. The Proposal is set out in detail in the Fifth Cervi Affidavit. The following is a summary of the Proposal:

a. As of the date of the Initial Order, Stoke asserts to have a property claim against approximately $1.35 million of accounts receivable (the "**Purchased Receivables**") of GreenSeal against which Stoke advanced approximately $501,000 to GreenSeal (the "**Advances**") (the difference between the Purchased Receivables and the Advances is defined in the Fifth Cervi Affidavit as the "**Reserve Amount**"). The Proposal contemplates GreenSeal using the Purchased Receivables to fund its working capital needs and repaying the Advances in four (4) equal instalments commencing the second week of July and at the end of July, August and September.

b. Stoke would receive a first priority charge (the "**Stoke Receivables Charge**") in the amount of the Reserve Amount that is used by GreenSeal to fund its working capital needs. The Stoke Receivables Charge would apply solely against the accounts receivable of GreenSeal (the "**GS A/R**"). The Stoke Receivables Charge would rank in priority to the Administration Charge and the GreenSeal Directors' Charge (solely as it relates to GS A/R). The TARIO provides that the Stoke Receivables Charge would not exceed $853,324 which is the estimated amount of Purchased Receivables anticipated not to be repaid during the period plus the Information Liaison Fees (defined below). Stoke would no longer be primed by the Administration Charge which it currently is under the SARIO.

c. GreenSeal would only be permitted to use the Reserve Amount if the GS A/R balance (being comprised of new receivables generated from the sale of inventory) is greater than or equal to 1.25 times the Reserve Amount used.

d. Stoke would be paid interest on the outstanding balance owing to it during the CCAA proceedings.

e. GreenSeal would allow the appointment of Steinberg Advisory Corp. ("**Steinberg Advisory**") through the services of Howard Steinberg as an "information liaison" (in such capacity, the "**Information Liaison**"). As Information Liaison, Mr. Steinberg would be permitted to (i) monitor the GS A/R; (ii) monitor GreenSeal's inventory including its quality; and (iii) make recommendations to GreenSeal regarding profitably monetizing GreenSeal's inventory. Stoke would be responsible for paying the Information Liaison's fees; however, the Stoke Receivables Charge would cover the Information Liaison's fees and Stoke would be entitled to recover those fees from the GreenSeal estate pursuant to that charge. The Information Liaison's fees would be capped at $10,000 per month, absent further court order; and

f. GreenSeal would continue to keep YNCU current on the interest payments owing to it under the three credit facilities with GreenSeal, including two commercial mortgage facilities and an operating facility.

12. The Proposal would be implemented by amendments to the SARIO that are reflected in GreenSeal's proposed TARIO.

13. The Applicants believe that GreenSeal remaining a going concern and part of these CCAA proceedings will result in a more beneficial outcome for all of its stakeholders. As set out in the Fifth Cervi Affidavit, the Applicants intend to propose a SISP that will solicit interest in the business as a whole (including GreenSeal), the domestic and international aspects of the business separately (i.e., GreenSeal separately from the rest of the Atlas Group), and Stratford Facility as land rather than as part of an operating cannabis business.

14. The proposed timeline for such a SISP, which is still under development, is expected to be along the following lines:

Date	Event
Week of July 15, 2024	Applicants serve SISP approval materials
Week of July 22, 2024	Court approval sought and, if obtained, SISP commences
Week of Sept 2, 2024	Bids received
Week of Sept 23, 2024	Court approval sought for any successful bid/transaction

15. The draft SISP timeline is within the Cash Flow Period (defined herein) of the Proposal Cash Flow Forecast (defined herein).

16. Should GreenSeal remain part of the CCAA proceedings, the Applicants intend to consult with YNCU and Stoke regarding the SISP, both in its design and any bids that are received.

17. The Applicants have has diligently attempted to obtain external financing for GreenSeal from its existing secured creditors and other sources, but have been unable to obtain financing on terms acceptable to the secured creditors of GreenSeal. Without a viable external alternative, the Applicants developed the Proposal which is intended to allow GreenSeal to continue as a going concern while attempting to address, to the extent possible given its cash constraints, the concerns raised by Stoke and YNCU.

18. The Proposal:

    a. would allow GreenSeal to continue as a going concern and preserve potential employment for its employees;

    b. would allow GreenSeal to be included in the SISP to potentially maximize value as a going concern and as part of the larger Applicants' business, which the Monitor believes would generally be for the benefit of all stakeholders;

    c. would maintain flexibility as part of the SISP to explore the market value of just a GreenSeal operating entity or just the assets of GreenSeal as it would in a receivership;

    d. avoids the inherent risks of a receivership on ultimate recoveries for the GreenSeal secured creditors including:

        i. the regulatory challenges of a receivership in the cannabis sector with respect to the Health Canada licenses not being transferrable;

        ii. incurrence of receivership and advisor fees to deal with the cannabis and non-cannabis assets; and

iii. potential disputes in relation to licence fees and royalties for GreenSeal's sales which the Applicants have asserted.

19. The Monitor understands that Stoke and YNCU's concerns with the Proposal include skepticism around the ability to generate the forecasted GS A/R that the Stoke Receivables Charge would apply to and a general loss of confidence in the management of GreenSeal. The Monitor believes that the forecasted GS A/R represents a conservative estimate of the potential GS A/R that may be generated during the relevant period based on historical trends. That said, the level of confidence in the GS A/R forecast is ultimately a matter of business judgment on which GreenSeal and its secured creditors have divergent views. There is of course the potential that the GS A/R generated and collected will be less than forecasted, which could result in a funding and collateral shortfall.

THE PROPOSAL CASH FLOW FORECAST

20. The Applicants, with the assistance of the Monitor, have prepared a cash flow forecast incorporating the terms of Proposal (the "**Proposal Cash Flow Forecast**") which includes forecast receipts and disbursements for the period from July 1, 2024 to the week ending October 6, 2024 (the "**Cash Flow Period**") for the purpose of projecting the Applicants' estimated liquidity needs during the Cash Flow Period. A copy of the Proposal Cash Flow Forecast is attached as **Appendix "A"** to this Third Supplement.

21. The Proposal Cash Flow Forecast shows that GreenSeal projects estimated total combined receipts of approximately $3.7 million and estimated total combined disbursements of approximately $3.9 million during the Cash Flow Period. Included in these disbursements is the payment to Stoke of approximately $600,000.

22. The Proposal Cash Flow Forecast does not require additional interim financing as it utilizes the Purchased Receivables less the amounts paid to Stoke referred to above over the Cash Flow Period. The ending cash balance as at September 30, 2024 under the Proposal Cash Flow Forecast is estimated to be $13,000.

EXTENSION OF STAY OF PROCEEDINGS

23. The Stay Period against GreenSeal currently expires on July 9, 2024. GreenSeal seeks to extend the Stay Period up to and including July 26, 2024. The Stay Period for the Applicants other than GreenSeal was previously extended to July 26, 2024.

24. In the Monitor's view, GreenSeal has acted, and continues to act, in good faith and with due diligence. GreenSeal attempted to negotiate interim financing with its secured creditors, and when that appeared to have stalled, it worked diligently to design and put forward the Proposal.

25. Should the Court grant the TARIO to implement the Proposal, the Proposal Cash Flow Forecast projects that GreenSeal will have sufficient liquidity during the Stay Period. If the TARIO is not granted and the Proposal is not implemented, GreenSeal will have insufficient liquidity to operate its business as a going concern as early as July 10, 2024.

CONCLUSIONS AND RECOMMENDATIONS

26. For the reasons stated herein, the Monitor is of the view that the relief sought by the Applicants in the Proposal and reflected in the TARIO represents the only viable path forward for GreenSeal to remain an Applicant in these CCAA Proceedings and continue as a going concern participant in the SISP.

All of which is respectfully submitted this 9th day of July 2024.

ERNST & YOUNG INC., in its capacity as Monitor of the Applicants, and not in its corporate or personal capacity.

per:

K. Fung

Karen Fung, CPA, CA
Senior Vice President

APPENDIX "A"
PROPOSAL CASH FLOW FORECAST AND NOTES

GreenSeal Cannabis Company, Ltd.
Proposal Cash Flow Forecast
$CDN

	Notes	Week Commencing														Total
		01-Jul-24	**08-Jul-24**	**15-Jul-24**	**22-Jul-24**	**29-Jul-24**	**05-Aug-24**	**12-Aug-24**	**19-Aug-24**	**26-Aug-24**	**02-Sep-24**	**09-Sep-24**	**16-Sep-24**	**23-Sep-24**	**30-Sep-24**	
Receipts	*1*															
Confirmed		*79,539*	*293,826*	*267,547*	*452,561*	*146,343*	*37,904*	*171,124*	*203,252*	*69,312*	*56,469*	*-*	*-*	*44,849*	*-*	*1,822,726*
New Business		*-*	*-*	*-*	*-*	*-*	*64,313*	*64,313*	*64,313*	*64,313*	*118,860*	*118,860*	*118,860*	*118,860*	*118,860*	*851,550*
Domestic		79,539	293,826	267,547	452,561	146,343	102,217	235,437	267,564	133,625	175,329	118,860	118,860	163,709	118,860	2,674,276
B2B Wholesale		80,000	-	-	80,000	50,000	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	547,500
International		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Sales / (Purchases)							-	-	-	75,000	75,000	75,000	75,000	75,000	75,000	450,000
Total Receipts		159,539	293,826	267,547	532,561	196,343	139,717	272,937	305,064	246,125	287,829	231,360	231,360	276,209	231,360	3,671,776
Operational Disbursements																
Payroll	*2*	-	169,313	-	169,313	9,250	169,313	-	169,313	9,250	169,313	-	169,313	9,250	169,313	1,212,941
Vendor Payments	*3*	52,900	34,000	34,000	67,474	52,900	34,000	34,000	34,000	58,474	37,900	24,000	34,000	58,474	37,900	594,022
Mortgage Payments	*4*	22,500	-	22,500	-	22,500	-	22,500	-	22,500	-	22,500	-	22,500	-	157,500
Vendor Deposits - post stay	*5*	-	-	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000
Property Taxes	*6*	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000	150,000
Utilities	*7*	47,000	-	-	-	47,000	-	-	-	-	47,000	-	-	-	47,000	188,000
Insurance	*8*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST/HST	*9*	-	-	-	60,000		-	-	-	60,000	-	-	-	60,000	-	180,000
Excise Remittance	*10*	-	-	-	49,562		-	-	-	184,449	-	-	-	-	202,800	436,811
Total Operational Disbursements		122,400	203,313	156,500	346,349	131,650	203,313	56,500	203,313	334,673	254,213	46,500	203,313	150,224	607,013	3,019,274
Net Cash from Operations	*a*	**37,139**	**90,513**	**111,047**	**186,212**	**64,693**	**(63,596)**	**216,437**	**101,751**	**(88,548)**	**33,616**	**184,860**	**28,047**	**125,985**	**(375,653)**	**652,503**
CCAA related Cash Flows																
DIP Facility Draw/(Repayment)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on Factoring Balance	*11*	(125,304)	-	-	-	(166,434)	-	-	-	(152,010)	-	-	-	-	(156,098)	(599,845)
Information Liaison	*12*	-	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(32,500)
Professional Services	*13*	-	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(260,000)
Payments to Trust Account		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash from CCAA	*b*	**(125,304)**	**(22,500)**	**(22,500)**	**(22,500)**	**(188,934)**	**(22,500)**	**(22,500)**	**(22,500)**	**(174,510)**	**(22,500)**	**(22,500)**	**(22,500)**	**(22,500)**	**(178,598)**	**(892,345)**
Cash on Hand																
Opening balance	*14*	253,121	164,957	232,970	321,517	485,228	360,988	274,891	468,828	548,080	285,022	296,138	458,498	464,045	567,530	253,121
Net Cash	*=a+b*	(88,165)	68,013	88,547	163,712	(124,241)	(86,096)	193,937	79,251	(263,058)	11,116	162,360	5,547	103,485	(554,251)	(239,842)
Ending Balance - Cash		164,957	232,970	321,517	485,228	360,988	274,891	468,828	548,080	285,022	296,138	458,498	464,045	567,530	13,279	13,279
DIP																
Opening Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Facility Draw/Repayment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance - DIP Loan		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable																
Opening Balance		1,447,313	1,604,215	1,463,512	1,363,566	1,069,154	1,058,261	1,141,494	1,091,507	1,009,392	1,011,968	972,839	990,179	1,007,519	980,010	1,447,313
New Invoices		316,441	153,123	167,601	238,149	185,450	222,950	222,950	222,950	248,700	248,700	248,700	248,700	248,700	248,700	3,221,814
Collections		(159,539)	(293,826)	(267,547)	(532,561)	(196,343)	(139,717)	(272,937)	(305,064)	(246,125)	(287,829)	(231,360)	(231,360)	(276,209)	(231,360)	(3,671,776)
Ending Balance - AR		1,604,215	1,463,512	1,363,566	1,069,154	1,058,261	1,141,494	1,091,507	1,009,392	1,011,968	972,839	990,179	1,007,519	980,010	997,350	997,350

IN THE MATTER OF THE CCAA OF ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY LTD., AGMEDICA BIOSCIENCES INC. et al. (collectively, the "Applicants")

Notes to the Unaudited Proposal Cash Flow Forecast of GreenSeal Cannabis Company Ltd. ("GreenSeal")

July 1, 2024 to October 6, 2024 (the "Forecast Period")

Disclaimer:

In preparing this cash flow forecast (the "**Proposal Cash Flow Forecast**"), the Applicants, with the assistance of Ernst & Young Inc. (the "**Monitor**"), have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Proposal Cash Flow Forecast includes estimates concerning GreenSeal's operations and additional assumptions discussed below with respect to the impact of a *Companies' Creditors Arrangement Act* ("**CCAA**") filing (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**"). Since the Proposal Cash Flow Forecast is based on Assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast Period will vary from the Proposal Cash Flow Forecast, even if the Assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

The Applicants, with the assistance of the Monitor, have prepared a GreenSeal cash flow forecast incorporating the terms of the Proposal as set out in the Fifth Cervi Affidavit and summarized in the Third Supplemental First Report. It includes forecast receipts and disbursements of GreenSeal for the period from July 1, 2024 to the week ending October 6, 2024 (the "**Cash Flow Period**") for the purpose of projecting the Applicants' estimated liquidity needs during the Cash Flow Period.

Receipts and disbursements are denominated in Canadian dollars.

Assumptions:

1. **Receipts**
   This category includes receipts generated by GreenSeal through the sale of cannabis products to provincial distributors domestically, bulk to other licensed producers and internationally to licensed customers in their respective countries. Domestic receipts have been separated based on confirmed orders and anticipated new business. It also reflects intercompany inventory sales/purchases as between the Applicants. Anticipated new business receipts are based on a conservative estimate of sales for August and September based on historical monthly sales for January through June

(approximately 35% lower). As a result, if sales trend toward historical levels, there may be potential upside.

2. **Payroll Costs**
   Employees are paid on a bi-weekly basis and represents gross payroll, WSIB, EHT and employee benefits.

3. **Vendor payments**
   Represents disbursements related to purchase of raw materials, consumables, freight, general repairs and maintenance, security, temporary labour and other facility expenses.

4. **Mortgage Payments**
   Mortgage payments represent interest payments owing to the secured lender under the three credit facilities with GreenSeal, including two commercial mortgage facilities.

5. **Vendor Deposits – post stay**
   Prepayments and security deposits on account for future services required due to expected withdrawal of credit terms from vendors.

6. **Property Taxes**
   It assumes payment of local property taxes are made at the end of September.

7. **Utilities**
   Represents the cost of gas, water and hydro.

8. **Insurance**
   Insurance policies are held by Atlas Global Brands Inc. providing global coverages inclusive of GreenSeal.

9. **GST/HST**
   Represents sales taxes.

10. **Excise Remittances/Licenses**
    Represents expenses such as Health Canada licences and excise duty taxes.

11. **Payments on Factoring Balance**
    In exchange for GreenSeal using the Purchased Receivables to fund its working capital needs, it will repay the Advances in 4 equal instalments commencing in early July and at the end of July, August and September. Such amounts also includes interest on the outstanding balance owing to Stoke.

12. Professional Services

Professional services include professional fee payments and expenses of the Applicants' legal counsel, the proposed Monitor and its counsel.

13. Information Liaison

Information Liaison include the professional fee payments and expenses of the Information Liaison.

14. Beginning Balance

Represents the opening cash balance as of July 1, 2024.