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., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

Applicants

AFFIDAVIT OF JASON CERVI
(Affirmed July 9, 2024)

I, Jason Cervi, of the City of Burlington, in the Province of Ontario, AFFIRM:

INTRODUCTION AND OVERVIEW

1. I am the Chief Financial Officer ("**CFO**") of Atlas Global Brands Inc. ("**Atlas**", together with its Ontario Subsidiaries (as defined below), the "**Applicants**" or the "**Atlas Ontario Group**").

2. GreenSeal Cannabis Company, Ltd. ("**GreenSeal**"), GreenSeal Nursery, Ltd. ("**GreenSeal Nursery**"), AgMedica Bioscience Inc. ("**AgMedica**"), Wellworth Health Corp. ("**Wellworth**"), 5047346 Ontario Inc. ("**5047 Ontario**"), 8050678 Canada Inc. ("**8050 Canada**") and Tavivat Naturals Inc. ("**Tavivat**") are subsidiaries of Atlas (together, the "**Ontario Subsidiaries**"; the Applicants, together with all Atlas subsidiaries, is the "**Atlas Group**").

3. I have been the CFO of Atlas since January 31, 2023. I joined Atlas on December 30, 2022, as Global Head of Finance and Administration and Group Controller. I was appointed as Director

of GreenSeal and GreenSeal Nursery on April 28, 2023 and Director of AgMedica on May 31, 2023. I have personal knowledge of the matters to which I depose in this Affidavit except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and believe such information to be true.

4. Capitalized terms used herein and not otherwise defined have the meaning ascribed to them in my affidavit affirmed on June 19, 2024 (the "**Initial Cervi Affidavit**"). All references to monetary amounts in this affidavit are in Canadian dollars unless otherwise noted.

OVERVIEW

5. This affidavit is affirmed in support of an Application for a Third Amended and Restated Initial Order ("**TARIO**") pursuant to the CCAA.

6. At stake in the TARIO is whether GreenSeal will continue as part of these CCAA proceedings or will be hived off into a joint receivership under the control of Your Neighbourhood Credit Union ("**YNCU**") and Stoke Canada Finance Corp. ("**Stoke**") (the "**GS Receivership**").

7. YNCU seeks to appoint PricewaterhouseCoopers Inc. ("**PwC**") as receiver over certain assets, including real property, but not including the cannabis assets of GreenSeal. YNCU has said that it seeks to appoint another professional to manage the cannabis assets, although no such proposal has been filed with the Court.

8. Stoke seeks to appoint PwC as receiver of GreenSeal's Eligible Receivables, the related Reserves, the related books and records, all Eligible Purchase Orders, the related goods and inventory (including cannabis products) and related items, and proposes to engage Steinberg Advisory Corp. ("**Steinberg Advisory**") through the services of Howard Steinberg to facilitate the handling and liquidation of the cannabis inventory as he holds the necessary approvals.

9. The two proposed receiverships overlap, as both would include GreenSeal's receivables.

10. The Supplemental Affidavit of Cristobal Arnao on June 25, 2024 (the "**Supplemental Arnao Affidavit**") was affirmed in support of Stoke's Application to appoint a receiver over GreenSeal. The Supplemental Arnao Affidavit contained hearsay statements made by Steinberg Advisory principal Mr. Steinberg on the state of GreenSeal's business and inventory, including the quality of its cannabis and its projected margins. Steinberg Advisory's assessment involved a review of information including GreenSeal's financial statements and sales dates from the Ontario Cannabis Store (the "**OCS**").

11. Shortly before 6 p.m. on July 8, 2024, Stoke served a Second Supplementary Application Record containing two affidavits, one sworn by David Goldstein, the CEO of Stoke, and one sworn by Howard Steinberg. Neither of these affidavits has been subjected to cross-examination, and both contain significant factual errors, as is outlined below.

APPLICANTS' RESPONSES TO THE SUPPLEMENTAL ARNAO AFFIDAVIT

12. I am informed by my counsel, Randal Van de Mosselaer, that the Supplemental Arnao Affidavit contains statements that are inadmissible pursuant to two rules of evidence; rules for expert evidence and the prohibition of hearsay evidence.

13. Even if this hearsay evidence were admissible, Steinberg Advisory and its principal Mr. Steinberg have no relationship with GreenSeal, past or present, and therefore lack knowledge about GreenSeal's business trajectory, strategy, and future opportunities.

GreenSeal has Strong Sales, Inventory Value, Margins, and Cannabis Quality

14. The Supplemental Arnao Affidavit at paragraph 5(a) asserts Mr. Steinberg's hearsay opinion that GreenSeal's sales have dropped over 30% since October 2023 and "the product has moved from higher margin flower to lower margin concentrates."

15. This is a misstatement of GreenSeal's sales. Grade A flower receives a higher price and margin internationally. As a result, GreenSeal sold its Grade A flower at a wholesale rate to AgMedica, and AgMedica sold that Grade A flower internationally. In this way, the Atlas Group was able to realize $3.75-$4.50/g on its international sales, in comparison to the $2.75-$3.00/g (net of excise tax) realizable domestically. After maximizing the price and margin of Grade A flower, GreenSeal monetized its Grade B and lower flower through the production of concentrates and pre-rolls that GreenSeal sells domestically.

16. Second, GreenSeal's revenues have steadily increased. 2023 revenues are 105% greater than 2022 revenues (before GreenSeal was part of the Atlas Group). GreenSeal's sales in the first sixth months of 2024 are 30% higher than its sales in the first 6 months of 2023. Comparing the monthly sales in the October 2023 to June 2024 period with the same period in the prior year, shows that current monthly sales are 85% higher than in the prior period. Mr. Steinberg's hearsay evidence ignores the seasonality in the cannabis industry.

17. In paragraph 5(b) of the Supplemental Arnao Affidavit, the affiant swore that he was advised by Mr. Steinberg that "D*gg Lbs", a cannabis brand, makes up ~80% of GreenSeal's sales with the balance of sales from its other in-house brands. Overall sales of all other in-house brands have dropped 95% from July 2023 to May 2024, accordingly, GreenSeal's house branded cannabis appears to be dropping in value and consumer demand".

18. This is a mischaracterization of GreenSeal's business. GreenSeal sold the majority of its Grade A flower through related parties into the international market as is described above. As the Atlas Group publishes its financial statements on a consolidated basis, GreenSeal's unconsolidated financial statements do not include any sales to AgMedica. GreenSeal's third party domestic revenues are focused on the D*gg Lbs brand, a high-profile collaboration with renowned musician Snoop Dogg. This brand was stronger and better recognized in the market, such that GreenSeal redirected its product to the more profitable Snoop Dogg brand, consistent with GreenSeal's approach of having a constant rotation of innovative products to attract new interest and customers to its domestic brands.

19. The review by Mr. Steinberg included in the Supplemental Arnao Affidavit at paragraph 5(c) contends that, "in Mr. Steinberg's opinion, GreenSeal's cannabis product is of medium quality based on the price of "D*gg Lbs", which is lower than expected". Mr. Steinberg's proposition is unfounded. The D*gg Lbs brand is priced above the average price, at a premium rate. The brand was introduced in July 2023 and has grown domestically and internationally, including being launched in Australia yesterday. See the figures above regarding the increase in sales. Stoke has acknowledged the quality of D*gg Lbs: Mr. Goldstein attended a Snoop Dogg concert with us, and told us something to the effect that D*gg Lbs was one of the best he had ever had.

20. In paragraph 5(g) of the Supplemental Arnao Affidavit, the affiant swore that Mr. Steinberg reviewed GreenSeal's inventory spreadsheet (the "**Inventory Spreadsheet**") which "indicated ~1,500kgs of inventory valued at $3.6 million" and concluded that "value is highly questionable because the lots vary in size and quality to a great degree."

21. The Inventory Spreadsheet was prepared by Grant Thornton, LLP and reflects International Financial Reporting Standards ("**IFRS**") measured inventory value, which includes consideration

and evaluation of the recorded cost because, according to accounting standards, inventory cannot be valued at greater than net realizable value. It is unclear on what basis Mr. Steinberg challenges Grant Thornton, LLP's work. Grant Thornton, LLP is a leading expert in cannabis valuation.

22. In paragraph 5(g) of the Supplemental Arnao Affidavit, the affiant swore that Mr. Steinberg reviewed the Inventory Spreadsheet and said "it appears that 60% of the inventory at GreenSeal is sourced from third-parties, notwithstanding that GreenSeal is purportedly producing 200kgs/month, and selling only 40kgs/month in the retail market. This begs the question of why GreenSeal is buying cannabis products from third parties at all. In Mr. Steinberg's opinion, purchases of cannabis from third-parties is indirect evidence that GreenSeal's own cannabis inventory is of a low quality and cannot be sold at current price points".

23. It is unclear how Mr. Steinberg reached the conclusion that 60% of the inventory is sourced from third parties. The Inventory Spreadsheet combines AgMedica and GreenSeal inventory. Both AgMedica and GreenSeal package and process flower for third parties. Health Canada requires that all cannabis inventory be tracked, which request AgMedica and GreenSeal to record that third party product in its inventory while it is in their possession for packaging and processing. The value of third party inventory, while listed on our inventory reports, is not included in the GreenSeal Cash Flow Forecasts. This is not to say that GreenSeal does not purchase product from third parties: Atlas' overall demand exceeds its current production capabilities.

Atlas has Sound Domestic and International Business Strategies

24. Referencing the review by Mr. Steinberg, the Supplemental Arnao Affidavit contends at paragraph 5(f) that "of the total SKU count of 63, only 11 sell more than 1,000 units a month which is extremely inefficient and expensive to maintain. GreenSeal's low margins come into question when taking this into consideration".

25. This assertion reflects a misunderstanding regarding the domestic strategy of Atlas and GreenSeal. Atlas' domestic business strategy, of which GreenSeal is an integral part, is to maintain a constant rotation of products to continue to attract new interest and customers to its domestic brands. The Atlas Group's focus is to sell Grade A flower internationally, while using the Grade B product in a variety of rotating products that pique interest through new product launches. In addition, having a strong presence in Canada for innovative products allows us to launch products that succeed in Canada internationally, such as D*gg Lbs products.

26. Paragraph 5(d) of the Supplemental Arnao Affidavit asserts that "in May 2024, $200k/month in flower products sales to the OCS equated to 40kgs/month of cannabis with a facility capacity and costs of 300/kgs per month. GreenSeal claims its current cannabis production totals 200kgs/month. This leaves 160kgs of cannabis to be sold at below cost prices on a wholesale basis, and even those sales are according to GreenSeal at gross margins of 20% which is too low to be profitable".

27. This assertion betrays Mr. Steinberg's misunderstanding of GreenSeal and its business strategy. GreenSeal earns a higher-than-market return on its cannabis products by exporting its product through its affiliated company, AgMedica. The cannabis price obtained through this export strategy is greater than the price available in the domestic market and is not subject to the federal Excise Tax imposed on sales in Canada, which amounts to more than 30% of sales prices.

28. The Inventory Spreadsheet review by Mr. Steinberg included in the Supplemental Arnao Affidavit at paragraph 5(h) asserts that "upon reviewing the inventory spread sheet it is evident that large quantities of product within GreenSeal's vault come from AgMedica (or third-party growers, as explained above). This brings into questions the value of cultivating at GreenSeal if it is sourcing cannabis from third-parties, or AgMedica, when it is producing more than it can sell".

29. This assertion is factually untenable. The international medical cannabis market is predominantly comprised of bulk dried cannabis flower. Atlas sells its highest graded flower (Grade A, as determined by flower bud size) internationally which commands a significantly greater price than what is available in the domestic market. Product is routinely exchanged between AgMedica and GreenSeal with Grade A flower selling through AgMedica’s EU-GMP (European Union Good Manufacturing Practice) certified facility. Grade B flower and trim sent back to GreenSeal is used in the production of pre-rolled cannabis products and extracts. The cooperation between AgMedica and GreenSeal ensures that maximum values are achieved for the entire plant harvested with limited scrap or spoilage.

30. Paragraph 5(j) of the Supplemental Arnao Affidavit alleges that “GreenSeal’s markets are in Canada and we understand that GreenSeal’s cannabis product is used or proposed to be used by AgMedica for sale in Australia. However, the value for Australian markets is limited, as that market is getting very competitive with only super premium products maintaining their price; and some licensed producers have been using it as a dumping ground, leading to significant price compression for medium to low quality cannabis products.”

31. This assertion reveals Mr. Steinberg does not appreciate the strong customer relationships that Atlas has with its Australian and other international distribution partners and the positioning of Atlas products in those markets. Atlas has contractual arrangements with established distribution partners that date back to 2019. Furthermore, the medical cannabis in Australia is prescribed in a strain specific manner, which creates more predictability in sales. Through these arrangements, Atlas commands pricing that is at least 25% greater than domestic prices. In addition, these international arrangements are not subject to Canadian excise tax, translating into value realization of 50% or greater than the average domestic Canadian cannabis producer.

32. Even if Mr. Steinberg's opinions are admissible, they are not grounded in fact.

RESPONSE TO GOLDSTEIN AFFIDAVIT

33. Shortly before 6 p.m. on July 8, 2024, Stoke served a Second Supplementary Application Record on the Service List. No advance notice was provided to the Atlas Group's counsel. In this section, I describe the factual errors made in the first of the two affidavits contained in that Motion Record, the affidavit of Mr. Goldstein sworn on July 8, 2024.

34. In paragraph 5 of the affidavit, Mr. Goldstein states that: "Stoke is not prepared to provide DIP financing". Although we had been negotiating with Stoke in good faith regarding a potential DIP and although we designed a new approach that is more economically favourable than a receivership, Mr. Goldstein's affidavit is the first notification we received that Stoke was not prepared to provide a DIP.

Mistakes in Stoke's Analysis of Cash Flow Forecasts

35. To justify Stoke's request for a receiver, Mr. Goldstein suggests at paragraph 8 of his affidavit that the GreenSeal cash flows are "highly speculative, making them both unreliable and generally unachievable". He relies on a comparison between three cash flows prepared on three different dates suggesting that the "aggregate results from projected operations vary considerably". This comparison is fundamentally flawed:

(a) First, most of the figures listed in the table are not contained in any of the Cash Flow Forecasts filed by the Monitor or the Applicants with this Court, nor can they be seen on the face of any of the Cash Flow Forecasts otherwise provided to Stoke.

(b) Second, the table compares across different time periods, as each cash flow related to a different period.

(c) Third, the Cash Flows are based on fundamentally different assumptions, as is described below.

36. In particular:

(a) The June 17 Cash Flow at Exhibit “QQ” of the Applicants’ application record relates to all the Applicants and covers three weeks (the week of June 17 to the week of July 1). One fundamental assumption in this Cash Flow is that receipts did not include accounts receivable that might be subject to Stoke’s security. None of the figures contained in Mr. Goldstein’s affidavit appear on the June 17 Cash Flow.

(b) On June 18, 2024, the Monitor sent to Stoke’s counsel a draft unconsolidated cash flow that included a GreenSeal tab. This cash flow forecast covers thirteen weeks for the week of June 17 to the week of September 9. This document is not in evidence. One fundamental assumption of this Cash Flow is that receipts exclude receivables associated with Stoke’s security (approximately $1.3 million). In addition, this cash flow contemplated a DIP to fund GreenSeal operations. This Cash Flow was marked draft and was a work in process provided to Stoke to facilitate discussions to resolve the receivership application. None of the figures contained in Mr. Goldstein’s affidavit appear on the June 18 Cash Flow.

(c) The June 27 Cash Flow appended to the Monitor’s First Report relates to all of the Applicants and covers 15 weeks (the week of June 24 to the week of September 30). One fundamental assumption is that receipts did not include accounts receivable that might be subject to Stoke’s security. None of the figures contained in Mr. Goldstein’s affidavit appear on the June 27 Cash Flow.

(d) On June 28, 2024, the Monitor sent to Stoke's counsel a draft unconsolidated version of the June 27 Cash Flow that included a GreenSeal tab. This document is not in evidence. It covers 15 weeks (the week of June 24 to the week of September 30). The Monitor noted several manual adjustments and noted that the cash flow would have to be further revised pending further discussion about the proposed DIP. One fundamental assumption is that receipts did not include accounts receivable that might be subject to Stoke's security. It also assumed the availability of a DIP for $1.85 million, part of it which would be used to pay approximately $500,000 to the Monitor in trust for the benefit of Stoke. None of the figures in the table at paragraph 8 of Mr. Goldstein's affidavit are reflected in that draft unconsolidated cash flow either. It may be that the disbursements row is higher due to the substantial payment contemplated to be made to Stoke.

(e) The July 6 Cash Flow relates only to GreenSeal and covers 14 weeks (the week of July 1 to the week of September 30). Unlike the other Cash Flow Forecasts, receipts include accounts receivable that might be subject to Stoke's security.

37. The table at paragraph 8 is wholly inconsistent with the Cash Flows filed with the Court and, in any event, conducting the comparison as proposed is conceptually flawed because it is inappropriate to compare across different time periods and across different assumptions.

Misstatements of the Atlas Group's Position

38. Mr. Goldstein implies at paragraph 9 of his affidavit that a prior attempt to sell GreenSeal as part of a joint process with AgMedica failed in the 2020 AgMedica CCAA process. This statement is false. AgMedica was not part of the Atlas Group in 2020. Furthermore, during the 2020 AgMedica CCAA process, AgMedica did not have the EU-GMP licence and did not have

the international relationships that give it such a unique value proposition compared to traditional licenced cannabis producers in Canada.

39. The Atlas Group was formed in late 2022. The Atlas Group acquired GreenSeal in April 2023. There has been no prior attempt to market GreenSeal, with its focus on domestic sales, with AgMedica and its focus on international sales.

Misstatements Regarding Royalty Payments

40. Mr. Goldstein appears to suggest that GreenSeal will be permitted to use Atlas' licence with Snoop Dogg and GreenSeal Nursery's IP for cannabis genetics without compensating either of Atlas or GreenSeal Nursery for the value associated with the licence and genetics based on the lack of documentation between the companies. If GreenSeal is removed from the Atlas Group such that GreenSeal is no longer operating as an integrated part of the Atlas Group, then GreenSeal is no longer entitled to receive the benefit of the assets owned by the other companies in the group.

41. The Atlas Group has been operated in an integrated manner since GreenSeal was acquired. GreenSeal benefited from sales and marketing expertise of Atlas staff. GreenSeal benefited from insurance paid for by AgMedica. GreenSeal benefited from finance, HR, and admin staff employed by Atlas. Expressed numerically, GreenSeal has received more than $2 million in value from its ability to access corporate staff expertise in its affiliated companies, more than $1.5 million in value from the Snoop Dogg licence paid by Atlas, and almost $1 million in value for using GreenSeal Nursery's ownership of the various genetics:

	Jan 1, 2023- Dec 31, 2023	Jan 1, 2024- Jun 20, 2024	Cumulative Benefit
Corporate Overheads			
Sales and Marketing	1,118,974	457,914	
Insurance	431,936	355,395	
Management Fees	644,365	273,119	
Finance, HR and Admin	721,769	342,487	
Professional fees	3,979,614	1,151,698	
	6,896,658	2,580,614	
GreenSeal Allocation of Corporate Overheads (24.1%)	**1,664,237**	**622,730**	**2,286,967**
Gross Revenues	8,657,413	5,530,148	
D*gg Lbs Revenues	4,268,578	4,874,030	
Branding Royalties (D*gg Lbs)	**747,001**	**852,955**	**1,599,956**
Genetics Licensing (7%)	**606,019**	**387,110**	**993,129**
Cumulative benefit of Atlas attributed to GreenSeal	**3,017,257**	**1,862,795**	**4,880,053**

42. In an integrated operation, where the other members of the Atlas Group benefit from GreenSeal participating in the group, including through an integrated cash management system, then value is exchanged between the subsidiaries for the benefit of the Group. If, however, GreenSeal is no longer contributing value to the Group because it has been extracted from the Group and placed in receivership, then it must compensate the rest of the group for the value previously provided to GreenSeal by the Group, i.e., for the licence and the genetics IP. Otherwise, the stakeholders in Atlas and GreenSeal Nursery are providing value to the stakeholders of GreenSeal without compensation and without receiving value in return.

RESPONSE TO STEINBERG AFFIDAVIT

43. Stoke served a Second Supplementary Application Record on the Service List shortly before 6 p.m. July 8, 2024. In this section, I describe the factual errors made in the second of the two affidavits contained in that Motion Record, the affidavit of Mr. Steinberg (the "**Steinberg Affidavit**") sworn on July 8, 2024.

44. In paragraph 4 of the Steinberg Affidavit, Mr. Steinberg asserts that the proposed GreenSeal Cash flows would "cause losses to creditors of GreenSeal, principally as a results of the inordinately high level of expenses". The Cash Flows reflect cash generated from Operations of $652,503 over the period, or 18% of gross receipts. This result means that GreenSeal is one of the better performing cannabis operations in the industry: Mr. Steinberg told us that his previous successes resulted in only single digit positive returns.

45. In paragraph 5 of the Steinberg Affidavit, Mr. Steinberg makes statements about how he expects OCS (GreenSeal's largest customer) will pay receivables as late as possible due to GreenSeal's insolvency. Mr. Steinberg is not a representative of the OCS, and his speculation is contradicted by OCS's actual conduct since the Initial Order was granted. In the three weeks since the Initial Order was granted, the OCS has remitted payments to GreenSeal as expected or sooner.

46. In paragraphs 6 and 7 and Exhibit B of the Steinberg Affidavit, Mr. Steinberg explains his proposed ideas to improve cash flow. His ideas are inconsistent with the stated objective of selling GreenSeal's inventory.

(a) First, Mr. Steinberg proposes cutting payroll in half, slashing it by $556,853. GreenSeal has 57 employees, approximately 80% of whom are hourly production employees that are necessary to grow, process and package the products for sale. All redundancies were eliminated shortly after Atlas acquired GreenSeal as well as the majority of Administrative and Commercial functions were centralized to the Atlas parent company. It is unclear how Mr. Steinberg proposes to maintain operations with half of the staff needed to do so.

(b) Second, Mr. Steinberg proposing slashing $403,155 from Vendor payments in the cash flow period. This is nearly a 70% reduction to operational payments, leaving only $290,868 available to pay vendors. Hydro and Gas are expected to be $141,000 in the period. This would leave approximately $10,000 per week for third party expenses. Equipment leases, product testing fees, freight costs, labels and excise stamps are, on average, $20,000 per week. I would also note that the cash flows provided to Stoke itemizes all of these expenses. It is unclear how Mr. Steinberg proposes to produce, test, label, ship and stamp the product he intends to sell without paying the vendors necessary to do so.

47. Paragraph 7 of the Steinberg Affidavit states that the receivership proposal would result in $757,354 more for creditors than the CCAA proposal. This figure fails to acknowledge that:

(a) The CCAA proposal contemplates paying $600,000 to Stoke during the period, none of which would be paid to Stoke during the period of the receivership; and

(b) The receivership proposal depends on using Stoke's collateral to fund operating expenses.

48. The concerns listed in paragraph 10(a) of the Steinberg Affidavit are similarly factually unfounded:

(a) The valuation of GreenSeal's inventory, as discussed previously, is supported by the expert opinions and analysis of Grant Thornton, LLP. The suggestion that the inventory on hand – much of which is allocated to the confirmed purchase orders in hand – will be reduced in value by 83% is unfounded.

(b) Of the $3.672M in projected receipts, $1.58M is expected from accounts receivable and a further $375K from committed purchase orders from domestic customers. There is $450K in expected cash flows from selling product to AgMedica for international export that is secured by planned orders on the AgMedica side. The remaining projection conservatively reflects a 35% reduction in run rate domestic business yielding $850K in cash flow with the remaining product, fully allocated, to be sold at a conservative price of $1.00 per gram. If we take Mr. Steinberg's assertions to be true (i.e., that the expected wholesale price should be $1.25 per gram), then the CCAA cash flows are understated by $136,875.

49. The assertions made by Mr. Steinberg at paragraph 10(b) of the Steinberg Affidavit about sales have been addressed previously in this affidavit. These assertions are contradicted by the Monitor.

50. Mr. Steinberg's assertions at paragraph 10(c) of the Steinberg Affidavit about how GreenSeal's customers will behave are addressed above.

51. Regarding the potential risk to Stoke outlined in paragraph 10(d) of the Steinberg Affidavit, Atlas has proposed a mechanism by which Stoke has assurance that its collateral is secured, namely that the balance of receivables would not fall be 1.25 times the proposed Stoke charge, which not only protects the interests of Stoke, but also provides for the protection of YNCU who holds security over receivables not purchased by Stoke. No such mechanism exists in the receivership and Stoke will receive no payments in the receivership period.

52. Regarding paragraph 11, it is unclear how Mr. Steinberg can state that he is unsure as to the nature of the royalties that GreenSeal would be liable for should it operate as a stand-alone business. There is no question that the Snoop Dogg brand provides significant value, especially in the cannabis space where brand equity is unusual. The license to use the brand is contracted to Atlas Global. Atlas Global, in its discretion, can subcontract that right to its affiliates. Further, all of the commercial materials such as marketing collateral, sales sheets, and other properties were

developed at the expense of Atlas and any future use would also derive value. Further, the genetic materials that GreenSeal cultivates are not their own. Management of Atlas has, as noted, provided for this genetic material to be used by GreenSeal. It is not uncommon for licensed cultivators to enter into royalty agreements for use of genetic materials.

Comments regarding the Cash Forecasts presented by Mr. Steinberg in Exhibit B

53. Despite numerous allegations that the receivables presented in the GreenSeal Cash Flows are overstated, Exhibit B depends on realizing every penny of those receivables in the receivership scenario. In fact, the receivership scenario proposes realizing an additional $500K from new inventory grown. It is unclear how this additional amount could be realized given that, as we have explained on numerous occasions, the current harvest and production schedules are fully allocated in the GreenSeal Cash Flows and new cultivation cycles take 90 days from plant to available for sale, which is greater than the projected period being discussed.

54. The payroll cost reductions, as noted previously, are inconsistent with the stated objective of growing, processing, packaging and selling existing inventory. Slashing vendor payments is inconsistent with that objective.

55. Exhibit B also makes it clear that the receivership redirects the payments proposed to be made to Stoke from Stoke to the professionals needed in the receivership.

56. There is a typo in Exhibit B. Net Cash is understated by $210,000, which carries through to the Ending Balance – Cash. The correct figures for Net Cash and Ending Balance – Cash under the company's proposed CCAA process are -$239,842 and $13,279 respectively.

57. Exhibit B reinforces that the interests of all creditors are not served by a receivership. On Stoke's math, it would have to generate cost savings sufficient to cover the additional $252,500 in

Receivership related costs and the $599,845 in payments to Stoke that have been removed. There is no air of reality to the proposed methods of attempting to do so.

CONCLUSION

58. The Atlas Ontario Group respectfully requests that this Court grant the additional relief requested as part of the TARIO and supported by the contents of this affidavit.

59. I swear this Affidavit in support of an application for the relief set out above, and for no improper purpose.

AFFIRMED BEFORE ME over videoconference in accordance with the Administering Oath or Declaration Remotely Regulation, O.Reg. 431/20, on July 9, 2024, while I was located in the City of Toronto, in the Province of Ontario and the affiant was located in the City of Burlington, in the Province of Ontario.	
Jennifer Bieman Commissioner for Taking Affidavits	Jason Cervi

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.