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")**

# SECOND REPORT OF THE MONITOR DATED JULY 25, 2024

## INTRODUCTION

1. On June 20, 2024, the Applicants brought an application before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") to, among other things, obtain a stay of proceedings to allow them an opportunity to restructure their business and affairs.

2. On that same day, the Court granted an Initial Order (the "**Initial Order**") in these CCAA proceedings (the "**CCAA Proceedings**") that, among other things:

    a. appointed Ernst & Young Inc. as monitor of the Applicants (in such capacity, the "**Monitor**");

    b. ordered a stay of proceedings in favour of the Applicants through to June 27, 2024 (the "**Stay Period**");

c. permitted the Applicants to permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding $50,000 in any one transaction or $150,000 in the aggregate;

d. granted an administration charge over the assets of the Applicants in the maximum amount of $400,000 (the "**Administration Charge**") in favour of counsel for the Applicants, the Monitor and its counsel; and

e. granted a directors' charge over the assets of the Applicants in favour of the directors and officers of the Applicants in the maximum amount of $500,000 ("**Directors' Charge**").

3. On July 2, 2024, this Court approved an Amended and Restated Initial Order (the "**ARIO**") that amongst other things:

a. increased the maximum amount of the Administration Charge to $600,000;

b. increased and bifurcated the Directors' Charge into a GreenSeal Director's Charge (as defined in the ARIO) to $740,000 and Director's Charge (defined in the ARIO) to $680,000;

c. approved the Applicants entering into a term sheet dated June 29, 2024 (the "**AgMedica DIP Term Sheet**") between the Applicants and Shalcor Management Inc. (the "**AgMedica DIP Lender**"), authorizing borrowings under the DIP Facility (as defined below) in an amount up to $5,000,000 and granting a charge in favour of the AgMedica DIP Lender (the "**AgMedica DIP Lender's Charge**");

d. approved the Applicants entering into a term sheet dated June 29, 2024 (the "**Bridge Term Sheet**") between the Applicants and the AgMedica DIP Lender, authorizing borrowings under the Bridge Facility (as defined below) in an amount up to $3,750,000 in order to pay out Hillmount Capital Inc. and Hillmount Capital Mortgage Holdings Inc. (collectively, "**Hillmount**") and granting a charge in favour of the AgMedica DIP Lender (the "**Bridge Lender's Charge**");

e. provided the Applicants' relief related to the securities reporting obligations of Atlas Global Brands Inc. ("**Atlas**"); and

f. extended the Stay Period to (i) July 5, 2024 in relation to GreenSeal Cannabis Company, Ltd. ("**GreenSeal**") to allow GreenSeal and its secured creditors to pursue ongoing discussions around the financing of GreenSeal's operations post-filing, and (ii) July 26, 2024 in relation to the Applicants other than GreenSeal (the "**AgMedica Group**").

4. On July 5, 2024, the Stay Period in relation to GreenSeal 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.

5. On July 9, 2024 the Court issued an endorsement, with written reasons to follow (the "**TARIO Endorsement**"), granting GreenSeal's motion for a Third Amended and Restated Initial Order (the "**TARIO**"), among other things, (i) extending the Stay Period to July 26, 2024 in relation to GreenSeal, (ii) approving the Stoke Receivables Charge against the GS A/R and (iii) appointing Steinberg Advisory Group as an Information Liaison in relation to GreenSeal. The Court adjourned the receivership applications of GreenSeal's secured creditors Stoke Canada Finance Corp. ("**Stoke**") and Your Neighbourhood Credit Union ("**YNCU**"). The Court's written reasons were issued on July 11, 2024.

6. The Monitor has established a website at www.ey.com/ca/atlasglobal (the "**Monitor's Website**"). All court documents and certain other documents have been, and will continue to be, posted on the Monitor's Website.

## PURPOSE

7. The purpose of this Second Report is to provide information to the Court on:

a. the Applicants' activities since the issuance of the TARIO Endorsement;

b. the form of TARIO sought;

c. the Applicants' receipts and disbursements for the period from June 24, 2024 to July 21, 2024 compared to the cash flow forecasts appended as Appendix "A" to the Supplement to the First Report of the Monitor for the AgMedica Group and the cash flow forecasts appended as Appendix "A" to the Third Supplement to the First Report of the Monitor for GreenSeal (the cash flow forecasts noted above, collectively referred to as the "**Initial Cash Flow Forecast**");

d. the Applicants' updated weekly cash flow forecasts from July 22, 2024 to October 6, 2024 for GreenSeal and the AgMedica Group;

e. the Applicants request for a Sale and Investment Solicitation Process Approval Order (the "**SISP Approval Order**") granting:

    i. an extension of the Stay Period to September 30, 2024;

    ii. approval of the implementation of a sale and investment solicitation process in the form attached as Schedule "A" to the proposed SISP Approval Order (the "**SISP**"), to solicit interest in and opportunities for a sale, or investment in, all or part of the Applicants' property, assets and undertakings (the "**Property**") and/or their business (the "**Business**") (such transaction, a "**Transaction**");

    iii. approval of the Key Employee Retention Plan ("**KERP**"), authorizing the Applicants to pay, in accordance with the terms of the KERP:

        - an amount of up to $200,000 before the Closing of the Transaction; and

        - an amount of up to $1,040,000 following the Closing of the Transaction and payment of all the Secured Claims and the GreenSeal Secured Claims (as defined below);

    iv. with respect to the key employees referred to in the KERP other than the employees of GreenSeal (the "**KERP Beneficiaries**"), approval of a charge on the property of the AgMedica Group in an aggregate amount of $811,500, which shall be subordinate to all other charges and secured claims against the property of the AgMedica Group (the "**Secured Claims**"), as security for amounts payable to the KERP Beneficiaries pursuant to the KERP (the "**KERP Charge**");

v. with respect to the key employees of GreenSeal referred to in the KERP (the "**GreenSeal KERP Beneficiaries**"), approval of a charge on the property of GreenSeal in an aggregate amount of $228,500, which shall be subordinate to all other charges and secured claims against the property of GreenSeal (the "**GreenSeal Secured Claims**"), as security for amounts payable to the GreenSeal KERP Beneficiaries pursuant to the KERP (the "**GreenSeal KERP Charge**");

f. approval for the Applicants' payment of $70,000 in pre-filing licence fees to Control Union Canada Inc. to preserve AgMedica's CUMCS-GAP licence and AgMedica's and GreenSeal's GACP licence; and

g. approval to seal the third confidential affidavit of Jason Cervi affirmed July 24, 2024 ("**Third Confidential Cervi Affidavit**").

**TERMS OF REFERENCE**

8. In preparing this Second Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, discussions with management of the Applicants ("**Management**"), and information from other third-party sources (collectively, the "**Information**"). Except as described in this Second Report in respect of the Cash Flow Forecast:

a. the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and

b. some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

9. Future oriented financial information referred to in this Second Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

10. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Second Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

**OVERVIEW OF THE APPLICANTS**

12. This Second Report should be read in conjunction with the affidavits of Jason Cervi affirmed June 19, 2024, June 26, 2024, June 30, 2024, July 4, 2024, July 8, 2024 and July 24, 2024 (collectively, the "**Cervi Affidavits**") for additional background and financial information with respect to the Applicants. Any terms not expressly defined herein are otherwise defined in the Cervi Affidavits.

13. The principal business activity of the Atlas Group (as defined herein) is the production, distribution, and sale of cannabis internationally and in Canada. Atlas Group medical cannabis is sold and distributed in Canada, Australia, Germany, Israel, Denmark, Norway,

Spain, and United Kingdom. The Atlas Group also sells a small amount of cannabis for the adult recreational market in Canada.

14. GreenSeal, GreenSeal Nursery, Ltd. (“**GreenSeal Nursery**”), AgMedica Bioscience Inc. (“**AgMedica**”), Wellworth Health Corp. (previously 11201336 Canada Inc) (“**Wellworth**”), 5047346 Ontario Inc. (“**5047 Ontario**”), 8050678 Canada Inc. (“**8050 Canada**”) and Tavivat Naturals Inc. (“**Tavivat**” and collectively with GreenSeal, GreenSeal Nursery, AgMedica, Wellworth, 5047 Ontario and 8050 Ontario, the “**Ontario Subsidiaries**”) are subsidiaries of Atlas (the Applicants, together with all Atlas subsidiaries, are the “**Atlas Group**”).

15. Atlas is a holding company providing management services to the Ontario Subsidiaries and strategic direction to the Atlas Group. Atlas’ operations are substantially conducted through its Ontario Subsidiaries, AgMedica and GreenSeal in particular.

16. Atlas is a reporting issuer in British Columbia, Alberta, Manitoba and Ontario and its shares are listed on the Canadian Securities Exchange under the ticker symbol “ATL”.

***AgMedica***

17. AgMedica is licensed producer of cannabis in respect of its indoor production and distribution facility at 566 Riverview Drive, Chatham-Kent, Ontario (the “**Chatham Facility**”). AgMedica wholly owns and controls three subsidiaries:

    a. 5047 Ontario which owns the Chatham Facility and is liable under the mortgages on the property;

    b. Tavivat, which has no employees. It was acquired along with 8050 Canada to become the operating company for the contemplated infused beverage business;

    c. 8050 Canada is a subsidiary of Tavivat with no employees or assets. Its only asset is intellectual property related to a specialized bottle cap that can be used to infuse the beverage with cannabis; and

d. Unique Beverages (USA) Inc. is a subsidiary of Tavivat that is organized in Delaware. It is a dormant corporation with no operations presently.

18. AgMedica controls a fifth subsidiary, Wellworth, which has no operations, employees, or liabilities. It was acquired to facilitate access to the Canadian medical cannabis market prior to legalization of recreational use. AgMedica owns 80% of Wellworth, and the remaining 20% is owned by 11213091 Canada Inc.

***GreenSeal***

19. GreenSeal is a licensed producer of cannabis based in Stratford, Ontario in respect of its facility located at 530 Wright Boulevard, Stratford, Ontario (the "**Stratford Facility**").

20. GreenSeal Nursery is a licensed cannabis nursery in Stratford, Ontario. It owns and manages over 1,000 cannabis plants' genetics.

***Non-Applicant Israeli Subsidiaries***

21. Atlas has a wholly owned subsidiary incorporated in Israel named Cambrosia Ltd. ("**Cambrosia**"). Cambrosia acquired a 51% interest in entities that operate three Israel pharmacies (Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd., collectively the "**Israel Subsidiaries**"). The Atlas Group sells medical cannabis products through the Israel pharmacies directly to patients. The Israel Subsidiaries are not Applicants in these proceedings and no relief is being sought in relation to them.

## UPDATE ON APPLICANTS' OPERATIONS

22. Since the date of the Initial Order, the Applicants have maintained their existing operations and to date have not encountered any supply issues. The Monitor continues to support and oversee efforts to ensure the smooth continued operation of the Applicants' business. Management and the Monitor meet regularly to discuss expenditure and cash flow management.

23. Since the issuance of the TARIO Endorsement, the Applicants have, in consultation with the Monitor:

a. developed the SISP in consultation with the DIP Lender and the Applicants' secured creditors (2596690 Ontario Inc. ("**AgriRoots**"), YNCU and Stoke);

b. continued their discussions with Stoke and YNCU in settling the terms of the TARIO as more fully described herein;

c. met and toured its facilities with, and provided further information to, the DIP Lender;

d. worked with the Information Liaison, Stoke, and Stoke's counsel to provide financial information and respond to questions about same; and

e. developed the KERP which is more fully described herein.

24. The Applicants have also been working with the DIP Lender and AgriRoots to complete a transaction allowing AgriRoots to fund the Applicants' repayment of the Bridge DIP, which was completed on July 24, 2024. The AgMedica Group now has access to the full DIP Facility.

**THE TARIO**

25. The Court indicated in the TARIO Endorsement that it was granting the Applicants' motion for the TARIO subject only to confirming that Steinberg Advisory Group would consent to acting in that capacity.

26. The TARIO that was before the Court at that hearing provided that (i) GreenSeal would make Advance Repayments to Stoke of $501,205 in installments in accordance with the Initial Cash Flow Forecast, (ii) GreenSeal would be permitted to use payments received on account of Stoke Purchase Orders (the "**Stoke Receipts**") other than the Stoke Funded Amount (the "**Reserve Amount**") to fund its working capital needs, (iii) in order to use a portion of the Reserve Amount, GreenSeal was required to have an accounts receivable balance (the "**GS A/R**") greater than or equal to 1.25 the cumulative Reserve Amounts used by GreenSeal, and (iv) Stoke would be entitled to the Stoke Receivables Charge on the GS A/R equal to the Reserve Amounts used to the maximum amount of $853,324 plus the Information Liaison's Fees.

27. Following the issuance of the TARIO Endorsement, Stoke raised various concerns around the terms of the TARIO as drafted including, among other things, the mechanics around GreenSeal's use of the Reserve Amount, the scope and priority of the GreenSeal Receivables Charge, terms of appointment of the Information Liaison and the Information Liaison's Fees. The Applicants have, with the involvement of the Monitor, engaged with Stoke in relation to these concerns to attempt to resolve the terms of the TARIO on a consensual basis.

28. As those discussions have continued, GreenSeal has:

a. made the first Advance Repayment to Stoke in the amount of $125,303.75 as contemplated in the Initial Cash Flow Forecast; and

b. provided information to Stoke in respect of the GreenSeal cash flow, open orders, accounts receivable, and inventory details. GreenSeal also had a follow up call with the proposed Information Liaison to review the information.

29. As a result of these discussions, and in order to address Stoke's concerns, the Applicants, the Monitor and Stoke have been discussing a more simplified construct in regards to the use by GreenSeal of the Stoke Receipts (as defined in the TARIO) to fund its working capital needs and have agreed on the following adjustments to the form of the TARIO that was before the Court at the last hearing:

a. Instead of the Stoke Receivables Charge applying on the GS A/R, the Stoke Receivables Charge will apply on the GS A/R and cash on hand and secure the Stoke Receipts up to $1.175 million plus the Information Liaison's Fees. The Stoke Receivables Charge will be reduced by the Advance Repayments as they are made (the "**Adjusted Stoke Receivables Charge**").

b. GreenSeal will be permitted to continue to use Stoke Receipts to fund its working capital needs. However, instead of the requirement that GreenSeal have GS A/R of 1.25 times the cumulative Reserve Amounts used, the new requirement will be that GS A/R plus cash on hand must be greater than the Adjusted Stoke Receivables Charge, subject to a three-business day cure period and subject to GreenSeal making good faith efforts to notify the Monitor and the Information Liaison if it is anticipated that the GS A/R plus cash on hand will be less than the Adjusted Stoke Receivables Charge (the "**Stoke Covenant**").

c. GreenSeal is not permitted to compromise, set off or reduce any GS A/R without the consent of the Information Liaison.

30. The Applicant and Stoke have also agreed that Information Liaison shall be entitled to payment for its reasonable fees, expenses and disbursements up to a maximum amount of $20,000 per month plus a total of $5,000 for reasonable disbursements (collectively, the "**Information Liaison Fees**"). GreenSeal will pay no more than $10,000 per month as shown in the GreenSeal Cash Flow Forecast. Stoke will pay the remainder. Any Information Liaison Fees owed but not paid by GreenSeal or paid by Stoke will be secured by the Adjusted Stoke Receivables Charge.

**APPLICANTS' RECEIPTS AND DISBURSEMENTS**

31. A summary of GreenSeal's and the AgMedica Group's actual receipts and disbursements during the period from June 24, 2024 to July 15, 2024 (the "**Reporting Period**"), as compared to the Initial Cash Flow Forecast (the "**Variance Analysis**") is attached as **Appendix "A"** to this Second Report.

32. During the Reporting Period:

a. GreenSeal's operations generated a net cash inflow of approximately $534,000. As at July 21, 2024, GreenSeal's cash on hand was approximately $798,000; and

b. The AgMedica Group's operations generated a net cash outflow of approximately $607,000. As at July 21, 2024, the AgMedica Group's cash on hand was approximately $799,000.

33. The favourable variance in net change in cash for GreenSeal during the Reporting Period of approximately $465,000 is primarily a result of a positive total variance on forecast receipts of approximately $243,000 and a positive total variance on disbursements of approximately $222,000.

34. The favourable variance in net change in cash for the AgMedica Group during the Reporting Period of approximately $87,000 is primarily a result of a negative total variance on forecast receipts of approximately $157,000 and a positive total variance on disbursements of approximately $243,000.

35. During the Reporting Period, the AgMedica Group made a payment of approximately $70,000 owing to Control Union Canada Inc. ("**Control Union**") who is the issuer of the Applicants' domestic and international certifications recognized by the Israeli Medical Cannabis Agency for all imports of medical cannabis into Israel. The Chatham facility exports cannabis to Israel under these certifications. Control Union required payment of the arrears no later than Friday, July 19, 2024, failing which it would revoke the certifications. The DIP Lender and the Monitor were each of the view that the payment was necessary to protect and preserve the value of the Business.

## OVERVIEW OF APPLICANTS' CASH FLOW FORECAST

36. The Applicants, with the assistance of the Monitor, have prepared a cash flow forecast for GreenSeal (the "**GreenSeal CFF**") and the AgMedica Group (the "**AgMedica CFF**") (the GreenSeal CFF and the AgMedica CFF collectively, the "**Cash Flow Forecast**") which includes forecast receipts and disbursements for the period from July 22, 2024 to the week ending October 6, 2024 (the "**Cash Flow Period**") for the purpose of projecting the GreenSeal and the AgMedica Group's estimated liquidity needs during the Cash Flow Period. A copy of the Grean Seal CFF and the AgMedica CFF are attached as **Appendix "B"** to this Second Report.

37. The Cash Flow Forecast is presented on a weekly basis during the Cash Flow Period and represents the estimates of Management of GreenSeal's and the AgMedica Group's projected cash flow during the Cash Flow Period. The Cash Flow Forecast has been prepared by the Applicants using probable and hypothetical assumptions (the "**Assumptions**") set out in the notes to the respective Cash Flow Forecast.

38. The Monitor has reviewed the Cash Flow Forecast through inquiries, analytical procedures and discussions, and review of documents related to the Information supplied to it by

certain key members of Management and employees of the Applicants. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in any material respect, that:

a. the Assumptions are not consistent with the purpose of the Cash Flow Forecast;

b. as at the date of this Second Report, the Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast, given the probable and hypothetical assumptions; or

c. the Cash Flow Forecast does not reflect the Assumptions.

***The GreenSeal CFF***

39. The GreenSeal CFF shows projected estimated total combined receipts for GreenSeal of approximately $2.7 million and estimated operational disbursements of approximately $2.7 million and CCAA-related payments of approximately $830,000 including Advance Repayments to Stoke pursuant to the TARIO of approximately $475,000.

40. The GreenSeal CFF projects that GreenSeal will have sufficient liquidity during the proposed Stay Period should it be granted by this Court, subject to maintaining its compliance with the Stoke Covenant.

***The AgMedica CFF***

41. The AgMedica CFF shows projected estimated total combined receipts for the AgMedica Group of approximately $2.8 million and estimated operational disbursements of approximately $5.2 million and CCAA-related payments of approximately $2.0 million.

42. The AgMedica CFF assumes the balance of the DIP Facility is available to the Applicants as the Monitor understands that the Bridge Loan has been repaid. As contemplated in the DIP Term Sheet, the DIP Facility is available to fund working capital needs of the AgMedica Group including servicing ordinary course payments of principal and interest to certain secured creditors. More specifically, the AgMedica CFF assumes:

a. property tax arrears for the Chatham Facility are paid; and

b. post-filing mortgage payments of interest are made.

43. The AgMedica CFF projects that the AgMedica Group will have sufficient liquidity during the proposed Stay Period should it be granted by this Court subject to the availability of the DIP Facility.

**THE SISP**

44. The CCAA Proceedings were initiated with the intention of allowing the Applicants the opportunity to pursue all avenues of sale, restructuring and/or refinancing of its business or property by conducting the SISP.

45. The SISP was developed in consultation with the Monitor. It is attached as Appendix "C" to this Second Report. The purpose of the SISP is to solicit interest that may result in one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern, or a sale of all, substantially all or one or more components of the Property and Business operations of the Applicants, whether as a going concern or otherwise, and in one or more transactions (the "**Opportunity**").

46. The following table sets out the key milestones under the SISP.

| Milestone | Deadline |
|---|---|
| Commencement of the SISP and distribution of Teaser Letter (as defined below) | July 29, 2024 |
| Deadline for submission of non-binding LOI | September 6, 2024 at 5:00 p.m. (prevailing Eastern Time) |
| Deadline for submission of Qualified Bids | September 19, 2024 at 5:00 p.m. (prevailing Eastern Time) |
| Deadline for selection of the Successful Bid | September 20, 2024 at 11:59 p.m. (prevailing Eastern Time) |
| Sale Approval Hearing | September 26, 2024 (prevailing Eastern Time) or such other |

| Milestone | Deadline |
| --- | --- |
| | time as the Court may advise |
| Deadline for completion of the transaction(s) represented by the Successful Bid | October 7, 2024, or such later date as may be agreed to by the Successful Bidder (as defined below) and the Applicants, with the consent of the Monitor (the "**Outside Date**") |

47. The Company and the Monitor shall implement the SISP procedures as set out in the SISP (the "**SISP Procedures**") in accordance with the terms of the SISP and the SISP Approval Order. Interested parties who wish to have their bids considered shall participate in the SISP in accordance with the SISP Procedures.

48. The SISP Procedures contemplate consultation with the DIP Lender, AgriRoots, Stoke, YNCU and the Information Liaison (collectively, the "**Consultation Parties**") at various stages. Notwithstanding anything else in the SISP Procedures, such consultation, and the provision of confidential information about the status of the SISP and any potential or actual bids or Transactions shall only occur to the extent the Consultation Party confirms in writing that they do not intend to participate as a bidder in the SISP (provided that the DIP Lender, AgriRoots, YNCU or Stoke are not precluded from submitting a credit bid prior to the Successful Bid(s) Selection Deadline if (i) no Qualified Bids are received by the Qualified Bid Deadline which repay all amounts outstanding under their respective facilities, (ii) the SISP is terminated for any reason, (iii) the Applicants and the Monitor consent, or (iv) the approval of the Court is obtained). The Consultation Parties shall keep all confidential information disclosed to them and the content of all consultations strictly confidential and shall not disclose it to anyone other than the Applicants and the Monitor. The Consultation Parties shall act in good faith and reasonably at all times in respect of this SISP. All confidential information shall be destroyed or returned immediately after the termination of the SISP.

49. The SISP contemplates the potential for Credit Bids and provides that the Applicants and Monitor shall consider any and all Credit Bid(s) in good faith, in consultation with the

Consultation Parties and having regard to the interests of the first secured creditor in respect of the Property over which a Credit Bid is made.

50. These provisions will facilitate the Applicants' secured creditors being kept apprised of the SISP process, while retaining the ability to make a credit bid at the conclusion of the process that will be considered in good faith by the Applicants and the Monitor if no bids are submitted that would see them paid in full for their first priority security interests. The Monitor is satisfied that these provisions are appropriate in the circumstances and balance (i) the need to ensure the SISP results in a robust canvassing of the market, and (ii) the ability of the Applicants' secured creditors to be kept informed of and participate in the process if they so choose.

51. Under the SISP (all defined terms are as set out in the SISP)[1]:

a. the Applicants, with the assistance of the Monitor, will:

   i. prepare an initial list of persons who may have an interest in the Opportunity (the "**Known Potential Bidders**") which will include, among other things, any parties reasonably suggested by the Consultation Parties or any other stakeholder;

   ii. arrange for a notice of the SISP (the "**Notice**") to be published in *The Globe and Mail* (National Edition);

   iii. issue a press release setting out the information contained in the Notice; and

   iv. distribute a "**Teaser Letter**" and non-disclosure letter to the list of Known Potential Bidders by no later than July 29, 2024; and

   v. the Monitor will post the Notice, SISP Procedures and Teaser Letter on the Monitor's website by no later than July 29, 2024.

[1] The following summary is provided for general information purposes only. In the case of any conflict between the terms of the SISP and this Report, the SISP shall govern.

b. any party who wishes to participate in the SISP (a "**Potential Bidder**") must deliver to the Monitor prior to the LOI Deadline:

   i. an executed NDA;

   ii. written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, and financial disclosure sufficient to allow the Applicants, in consultation with the of the Monitor, to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a Transaction pursuant to a Qualified Bid; and

   iii. a letter of intent ("**LOI**") that sets forth the principal terms of the proposed Transaction, including: (i) the nature of the proposed transaction (asset sale, share purchase, investment etc.) (ii) the purchase price or other consideration offered in connection with the Transaction, including material assumed liabilities; (iii) description of any conditions or approval required and any additional due diligence required for the interested party to make a final binding bid; (iv) all conditions to closing that the interested party may wish to impose on the closing of the Transaction; (v) proposed treatment of the Applicant's employees; (vi) any other terms or conditions that the interested party believes are material to the Transaction; and (vii) any other information as may be reasonably requested by the Applicant, in consultation with the Monitor;

c. a Potential Bidder that (i) has satisfied the requirements set out above, and (ii) the Monitor, in consultation with the Applicants and the Consultation Parties, has determined is likely (based on the availability of financing, experience and other considerations) to be able to consummate a Transaction pursuant to a Qualified Bid offer, may be deemed to be a "**Qualified Bidder**";

d. at any time during the SISP, the Monitor, in consultation with the Applicants and the Consultation Parties, may decide to eliminate a Qualified Bidder from the SISP by providing written notice of such decision to such Qualified Bidder, and in which case, such bidder will be eliminated from the SISP and will no longer be a "Qualified Bidder" for the purposes of the SISP;

e. a Qualified Bidder that wishes to make a formal binding offer to acquire all, substantially all, or a portion of the Property, or to purchase the shares of one or more of the Applicants, or to make an investment in, restructure, reorganize or refinance the Business/the Company, must deliver a binding bid to the Monitor so as to be received not later than the Bid Deadline;

f. a bid so submitted will be considered a qualified bid (a "**Qualified Bid**") only if it complies with all of requirements set out in paragraph 22 of the SISP;

g. a Qualified Bid will be valued based upon numerous factors as may be considered relevant by the Applicants and the Monitor, in consultation with the Consultation Parties, including, without limitation, items such as the following, as applicable: purchase price or investment amount contemplated by the Qualified Bid, the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the identity, circumstances and ability of the Qualified Bidder to successfully complete such transaction(s), the proposed transaction documents, the effects of the bid on the stakeholders of the Company, factors affecting the speed, certainty and value of the transaction (including any regulatory or legal approvals or third party contractual arrangements required to close the transactions), the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, each as determined by the Applicants and the Monitor, in consultation with the Consultation Parties;

h. prior to the Successful Bid(s) Selection Deadline, the Monitor, in consultation with the Applicants and the Consultation Parties, will: (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated between the Monitor, in consultation with the Applicants and the Consultation Parties, and the applicable Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and (b) identify the highest or otherwise best bid(s) (the "**Successful Bid(s)**", and the Qualified Bidder(s) making such Successful Bid(s), the “**Successful Bidder(s)**”) for any particular Property or the Business in whole or part. The acceptance and subsequent closing of any Successful Bid(s) by the Applicants, in consultation with the Monitor and the Consultation Parties, shall be subject to approval by the Court;

i. no Qualified Bid(s) shall be identified as a Successful Bid(s) in respect of the Property of the Applicants, excluding the Property of GreenSeal, without the express approval of the DIP Lender and AgriRoots, which approval shall not be unreasonably withheld, delayed, or conditioned;

j. no Qualified Bid(s) for any of the Property of GreenSeal shall be identified as a Successful Bid(s) over same without the express written consent of the applicable GreenSeal Creditor having a first security interest over such Property of GreenSeal which approval shall not be unreasonably withheld, delayed, or conditioned;

k. the Applicants shall have no obligation to enter into a Successful Bid, and reserve the right, in consultation with the Monitor and the Consultation Parties, to reject any or all Qualified Bid(s) and/or Credit Bid(s);

l. in the event it is not apparent which of the Qualified Bidders have the Successful Bid(s), the Applicants, in consultation with the Monitor and the Consultation Parties, may direct such Qualified Bidder(s) to participate in an auction (the “**Auction**”) to be conducted and administered by the Monitor in accordance with the Auction Procedures Letter (defined below). The identification of any Successful Bid(s) by the Applicants, in consultation with the Monitor, and with the consent of the Consultation Parties, shall be subject to approval by the Court; and

m. In the event that it is determined that there is to be an Auction in respect of some or all of the Property or Business, the Auction shall be governed by an auction procedures letter (“**Auction Procedures Letter**”) to be prepared by the Monitor and sent to all applicable Qualified Bidders setting out, among other things, (a) the date, time and location of the Auction (including whether in person or by videoconference); (b) the amount of the starting bid; and (c) the initial minimum overbid.

52. The SISP was shared with each of the DIP Lender, AgriRoots, YNCU and Stoke and reflects various comments received from those secured creditors.

53. The Monitor understands that the only issue remaining with respect to the SISP is the following language which has been requested by Stoke:

> with respect to GreenSeal, subject to the approval of the Court, the Monitor would accept any Credit Bid by any of GreenSeal's creditors for the assets, property, and undertaking of GreenSeal over which the creditor has a security interest if a Qualified Bid for the same assets, property, and undertaking is insufficient to satisfy in full the indebtedness outstanding to the creditor making the Credit Bid.

54. The Monitor does not support the inclusion of this language. In the Monitor's view, it is not appropriate to tie the Monitor's hands by providing that the Monitor is required to accept a particular bid before that bid has been made and, indeed, before the SISP has even commenced. This has the potential to significantly chill the process by deterring third party bidders from participating in the process and making bids for the GreenSeal assets.

55. As noted above, the SISP already includes various language that ensures that Stoke and other secured creditors are able to participate in the process and preserves their right to object to any outcome of the SISP if they are not satisfied, most of which was included at Stoke's request:

a. Stoke and the other secured creditors are each Consultation Parties that will be <u>consulted</u> throughout the SISP which will allow them to remain apprised of the status of the process and the bids that have been received;

b. Stoke and the other secured creditors have to <u>consent</u> before any Qualified Bid(s) can be accepted which seeks to acquire any Property over which they have a first security interest, which approval cannot be unreasonably withheld, delayed or conditioned;

c. Stoke and the other secured creditors have the ability to make a <u>Credit Bid</u> at the conclusion of the SISP if the Qualified Bid(s) received do not pay them out in full, if the SISP is terminated, if the Applicants and Monitor consent, or if the Court approves.

d. If a Credit Bid is submitted, the Applicants and the Monitor are expressly required to consider it in good faith, in consultation with the Consultation Parties and have regard to the interests of the first secured creditor in respect of the Property that the credit bid is made for.

56. The Applicants are not required to accept or reject any Qualified Bid(s) or Credit Bid(s). The Applicants, in consultation with the Monitor and the Consultation Parties (including Stoke), will consider all of the bids in good faith with regard to the interests of all of its creditors. It is necessary to preserve this flexibility to ensure that the SISP can achieve the best outcome for all of the Applicants' stakeholders considering their respective interests.

57. Stoke retains the right to object to the bids received, make a credit bid of its own and make its pitch to the Applicants and the Monitor, and the Court, that its credit bid should be accepted instead. If Stoke refuses to consent to another bid for the assets over which they have a first security interest, the Applicants and Monitor will have the onus of demonstrating that their refusal is unreasonable. In the interim, Stoke will benefit from the Adjusted Stoke Receivables Charge, the protections in the TARIO and access to information through the Information Liaison.

58. The Monitor is of the view that the SISP will provide an open and fair process for prospective investors and/or purchasers to conduct a transaction with the Applicants in an attempt to maximize recoveries for the Applicants' stakeholders. The SISP is structured so that the Applicants' secured creditors will be kept apprised throughout the process. The Monitor is further of the view that there is not a better viable alternative to the SISP at this time and that a transaction contemplated by the SISP would be the best option to seek to maximize value for the benefit of all stakeholders at this time.

**KERP**

59. The Applicants have identified certain employees (the "**KERP Beneficiaries**") that they believe are necessary to guide the Business through these CCAA proceedings and preserve value for the stakeholders. The KERP has ben designed to incentivize the KERP

Beneficiaries to stay with the Applicants during the restructuring in pursuit of a potential transaction.

60. The KERP Beneficiaries are the Chief Executive Officer and the Chief Financial Officer (collectively, the "**Executives**"), seven (7) employees of the Applicants who provide services to all Applicants, and two (2) employees of AgMedica (collectively, the "**KERP Beneficiaries**"). The GreenSeal KERP Beneficiaries are the Executives, seven (7) employees of the Applicants who provide services to all Applicants, and two (2) employees of GreenSeal (collectively, the "**GreenSeal KERP Beneficiaries**").

61. The KERP provides:

a. a total payment (the "**Incentive Payment**") of up to $200,000 payable in two installments split between the Executives during the SISP; and

b. the KERP Beneficiaries and the GreenSeal KERP Beneficiaries will be entitled to an amount of up to $1,040,000 payable contingent on the Closing of the Transaction that fully pays all the Secured Claims and the GreenSeal Secured Claims (the "**Contingent Payment**").

62. The Incentive Payment is built into the AgMedica CFF and has been approved by the DIP Lender. The cash payments are not included in the GreenSeal CFF as they are not being funded by GreenSeal.

63. The Contingent Payment will be allocated 20% to a GreenSeal Transaction and 80% to a Transaction involving the other Applicants. If there is a successful Transaction on one side but not the other side, the employees will only receive the portion of the KERP payment available on Closing of the Transaction as allocated.

64. The KERP Beneficiaries will continue to be paid all regular salary and other amounts in accordance with their existing employment contracts.

65. Any payments under the KERP are conditional upon the employee continuing to provide services to the Applicants in the relevant period. Attached as Exhibit "B" to the Third

Confidential Affidavit of Jason Cervi affirmed July 24, 2024 are copies of the form of KERP engagement letters to be provided to the Executives and employees.

66. The Applicants are seeking the following charges regarding the post-Transaction KERP payments:

a. ***The KERP Charge***: a charge with respect to the KERP Beneficiaries on the property of the AgMedica Group in an aggregate amount of $811,500, which shall be subordinate to the existing charges and the Secured Claims, as security for amounts payable to the KERP Beneficiaries pursuant to the KERP; and

b. ***The GreenSeal KERP Charge***: a charge with respect to the GreenSeal KERP Beneficiaries on the property of GreenSeal for an aggregate amount of $228,500, which shall be subordinate to the existing charges and GreenSeal Secured Claims, as security for amounts payable to the GreenSeal KERP Beneficiaries pursuant to the KERP.

67. Overall, the Monitor is of the view that the retention of key employees to enable the Applicants to conduct an effective SISP process and to effectuate a possible transaction arising from the SISP is in the best interests of all stakeholders.

68. The Monitor notes that the structure of the KERP which includes a milestone component (the Incentive Payment) and a lump sum payment for a completion of a transaction (the Contingent Payment) is comparable to other retention plans that the Monitor has reviewed and that courts in Ontario have approved in other proceedings. While the quantum of the potential Contingent Payment is on the higher end of the spectrum, it is only payable on the Closing of a Transaction that fully pays all the Secured Claims and the GreenSeal Secured Claims and, therefore, provides an incentive to the KERP Beneficiaries to maximize value for the benefit of all stakeholders. On balance, the Monitor is supportive of the KERP.

**EXTENSION OF THE STAY PERIOD**

69. The Stay Period is set to expire on June 27, 2024. The Applicants are requesting an extension of the Stay Period until September 30, 2024.

70. The Monitor is of the view that the requested stay extension is appropriate for the following reasons: (a) the Applicants require the extension in order to advance the SISP should the court grant the approval thereof; and (b) the Applicants have continued to operate in good faith and with due diligence since the date of the Initial Order.

71. Subject to the availability of the DIP Facility and continuing to meet the Stoke Covenant, based on the Cash Flow Forecast, the Monitor believes that the Applicants will have sufficient liquidity for the duration of the extended Stay Period.

## CONCLUSIONS AND RECOMMENDATIONS

72. In the Monitor’s view, the Applicants are working to advance their restructuring in good faith and with due diligence.

73. The Monitor is of the view that conducting the SISP offers the greatest prospect of maximizing value for the Applicants’ stakeholders either through a sale of the Applicants’ assets or through a restructuring/refinancing. The KERP provides an incentive to the KERP Beneficiaries to maximize value under the SISP.

74. Based on the above, the Monitor recommends that the Court approve the Applicants’ request for an Order approving the SISP, approving the KERP and KERP Charges, extending the Stay Period to September 30, 2024 and the ancillary relief sought therein.

All of which is respectfully submitted this 25th day of July 2024.

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

**per:**

**Karen Fung, CPA, CA**
**Senior Vice President**

# APPENDIX "A"
# VARIANCE ANALYSIS

## Cashflow Variance Analysis
For the Period June 24, 2024 to July 21, 2024

$CAD

| Variance - Actual Vs Baseline | | Actuals | Baseline | Variance | Variance Comments |
|---|---|---|---|---|---|
| AgMedica Group | **Total Receipts** | **906,612** | **1,063,436** | **(156,824)** | Negative variance in collections from international sales and primarily represents a timing difference. |
| | **Total Operational Disbursements** | **(1,118,138)** | **(1,357,270)** | **239,132** | |
| | Payroll | (521,470) | (515,351) | (6,119) | |
| | Vendor Payments | (431,641) | (430,919) | (722) | |
| | Mortgage Payments / backstop | - | - | - | |
| | Vendor Deposits - post stay | (65,340) | (190,000) | 124,660 | Positive variance and expected to reverse as negotiations continue on quantum of security deposit. |
| | Property Taxes | - | - | - | |
| | Utilities | (3,091) | (125,000) | 121,909 | Positive timing variance and expected to reverse. |
| | Insurance | (71,893) | (72,000) | 107 | |
| | GST/HST | - | - | - | |
| | Excise Remittance/Licenses | (24,703) | (24,000) | (703) | |
| | **Total CCAA Related Payments** | **(395,500)** | **(400,000)** | **4,500** | |
| | **Net Change in Cash** | (607,026) | (693,833) | 86,807 | |
| GreenSeal | **Total Receipts** | **964,420** | **720,912** | **243,508** | Positive timing variance as a result of faster collection of accounts receivable. |
| | **Total Operational Disbursements** | **(305,491)** | **(482,213)** | **176,722** | |
| | Payroll | (174,401) | (169,313) | (5,088) | |
| | Vendor Payments | (125,752) | (120,900) | (4,852) | |
| | Mortgage Payments / backstop | - | (45,000) | 45,000 | Positive timing variance and expected to reverse. |
| | Vendor Deposits - post stay | (5,000) | (100,000) | 95,000 | Positive variance as, at this time, certain vendors have not required a security deposit. |
| | Property Taxes | - | - | - | |
| | Utilities | - | (47,000) | 47,000 | Positive timing variance and expected to reverse. |
| | Insurance | (338) | - | (338) | |
| | GST/HST | - | - | - | |
| | Excise Remittance/Licenses | - | - | - | |
| | **Total CCAA Related Payments** | **(125,304)** | **(170,304)** | **45,000** | Positive timing variance and expected to reverse. |
| | **Net Change in Cash** | **533,626** | **68,395** | **465,230** | |

# APPENDIX "B"
# CASH FLOW FORECAST AND NOTES

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

| *Week Commencing* | Notes | 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 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* |
| **Receipts** | *1* | | | | | | | | | | | | |
| *Confirmed* | | *107,797* | *279,851* | *268,004* | *185,754* | *129,200* | *164,184* | *61,347* | *29,908* | - | - | - | *1,226,045* |
| *New Business* | | - | - | - | - | - | - | *108,207* | *108,207* | *162,311* | *162,311* | *84,000* | *625,035* |
| Domestic | | 107,797 | 279,851 | 268,004 | 185,754 | 129,200 | 164,184 | 169,554 | 138,115 | 162,311 | 162,311 | 84,000 | 1,851,080 |
| B2B Wholesale | | - | 80,000 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 417,500 |
| International | | - | - | - | - | - | - | - | - | - | - | - | - |
| Intercompany Sales / (Purchases) | | | | - | - | - | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 450,000 |
| **Total Receipts** | | 107,797 | 359,851 | 305,504 | 223,254 | 166,700 | 276,684 | 282,054 | 250,615 | 274,811 | 274,811 | 196,500 | 2,718,580 |
| | | | | | | | | | | | | | |
| **Operational Disbursements** | | | | | | | | | | | | | |
| Payroll | *2* | 163,114 | 11,287 | 163,114 | - | 163,114 | 11,287 | 163,114 | - | 163,114 | 11,287 | 163,114 | 1,012,545 |
| Vendor Payments | *3* | 39,139 | 50,636 | 39,139 | 39,139 | 39,139 | 50,636 | 39,139 | 39,139 | 39,139 | 50,636 | 39,139 | 465,019 |
| Mortgage Payments | *4* | 45,000 | 22,500 | - | 22,500 | - | 22,500 | - | 22,500 | - | 22,500 | - | 157,500 |
| Vendor Deposits - post stay | *5* | 35,000 | 50,000 | - | - | - | - | - | - | - | - | - | 85,000 |
| 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/Licenses | *10* | 49,562 | - | - | - | - | 184,449 | - | - | - | - | 202,800 | 436,811 |
| **Total Operational Disbursements** | *a* | 438,815 | 134,424 | 249,253 | 61,639 | 202,253 | 328,873 | 249,253 | 61,639 | 202,253 | 144,424 | 602,053 | 2,674,875 |
| | | | | | | | | | | | | | |
| **Net Cash from Operations** | | (331,018) | 225,427 | 56,252 | 161,615 | (35,552) | (52,188) | 32,801 | 188,976 | 72,558 | 130,387 | (405,553) | 43,705 |
| | | | | | | | | | | | | | |
| **CCAA Related Payments** | | | | | | | | | | | | | |
| DIP Facility Repayment | | - | - | - | - | - | - | - | - | - | - | - | - |
| DIP Fees | | - | - | - | - | - | - | - | - | - | - | - | - |
| Factoring Settlements | *11* | - | 166,434 | - | - | - | 152,010 | - | - | - | - | 156,098 | 474,541 |
| Information Monitor | *12* | - | 10,000 | - | - | - | 10,000 | - | - | - | - | 10,000 | 30,000 |
| Payments to Trust Account | | - | - | - | - | - | - | - | - | - | - | - | - |
| Restructuring Process (Prof. Services) | *13* | 75,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 325,000 |
| **Total CCAA Related Payments** | *b* | **75,000** | **201,434** | **25,000** | **25,000** | **25,000** | **187,010** | **25,000** | **25,000** | **25,000** | **25,000** | **191,098** | **829,541** |
| | | | | | | | | | | | | | |
| **Net Cash Receipts/(Disbursements)** | | (406,018) | 23,993 | 31,252 | 136,615 | (60,552) | (239,198) | 7,801 | 163,976 | 47,558 | 105,387 | (596,651) | (785,836) |
| | | | | | | | | | | | | | |
| **Cash on Hand** | | | | | | | | | | | | | |
| Opening balance | *14* | 798,367 | 392,348 | 416,342 | 447,593 | 584,209 | 523,657 | 284,459 | 292,260 | 456,236 | 503,794 | 609,181 | 798,367 |
| DIP Facility Draw/Repayment | | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Cash Receipts/(Disbursements) | *=a+b* | (406,018) | 23,993 | 31,252 | 136,615 | (60,552) | (239,198) | 7,801 | 163,976 | 47,558 | 105,387 | (596,651) | (785,836) |
| **Ending Cash Balance** | | 392,348 | 416,342 | 447,593 | 584,209 | 523,657 | 284,459 | 292,260 | 456,236 | 503,794 | 609,181 | 12,530 | 12,530 |

**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 22, 2024 to October 6, 2024 (the "Forecast Period")**

## Disclaimer:

In preparing this cash flow forecast (the "**GreenSeal CFF**"), 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 GreenSeal CFF 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 GreenSeal CFF 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 GreenSeal CFF, 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 the GreenSeal CFF incorporating the terms of the TARIO. It includes forecast receipts and disbursements of GreenSeal for the period from July 22, 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. **Information Liaison**
    Information Liaison include the professional fee payments and expenses of the Information Liaison.

**13. Professional Services**

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

**14. Beginning Balance**

Represents the opening cash balance as of July 22, 2024.

**The Agmedica Group (AgMedica Bioscience Inc. and Applicants (Excluding GreenSeal))**
**Cash Flow Forecast**
**$CDN**

| *Week Commencing* | Notes | 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 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* | *Forecast* |
| **Receipts** | *1* | | | | | | | | | | | | |
| *Confirmed* | | - | - | *10,000* | *10,000* | *10,000* | *10,000* | *10,000* | *10,000* | *10,000* | *10,000* | *10,000* | 90,000 |
| *New Business* | | | | | | | | | | | | | - |
| Domestic | | - | - | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 90,000 |
| B2B Wholesale | | 25,498 | 123,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 328,498 |
| International | | 96,492 | - | 500,157 | 129,998 | 187,099 | 358,880 | 291,931 | 291,931 | 300,791 | 241,335 | 341,814 | 2,740,426 |
| Intercompany Sales / (Purchases) | | - | - | - | - | - | (75,000) | (75,000) | (75,000) | (75,000) | (75,000) | (75,000) | (450,000) |
| Rental Income | | - | 46,019 | - | - | - | - | 36,693 | - | - | - | - | 82,711 |
| **Total Receipts** | | 121,990 | 169,019 | 530,157 | 159,998 | 217,099 | 313,880 | 283,623 | 246,931 | 255,791 | 196,335 | 296,814 | 2,791,635 |
| | | | | | | | | | | | | | |
| **Operational Disbursements** | | | | | | | | | | | | | |
| Payroll | *2* | 195,805 | 80,096 | 189,695 | 80,171 | 195,805 | 80,096 | 289,695 | 80,171 | 195,805 | 80,096 | 289,695 | 1,757,129 |
| Vendor Payments | *3* | 117,243 | 117,243 | 144,791 | 117,243 | 117,243 | 117,243 | 144,791 | 117,243 | 117,243 | 117,243 | 144,791 | 1,372,314 |
| Mortgage Payments | *4* | - | - | 420,000 | - | - | - | 205,500 | - | - | - | 205,500 | 831,000 |
| Vendor Deposits - post stay | *5* | 200,000 | - | - | - | - | - | - | - | - | - | - | 200,000 |
| Property Taxes | *6* | - | - | 360,000 | - | - | - | 125,000 | - | - | - | - | 485,000 |
| Utilities | *7* | - | - | 100,000 | - | - | - | 100,000 | - | - | - | 100,000 | 300,000 |
| Insurance | *8* | 36,366 | - | 35,526 | - | 36,366 | - | 35,526 | - | 36,366 | - | 35,526 | 215,678 |
| GST/HST | *9* | - | - | - | - | - | - | - | - | - | - | - | - |
| Excise Remittance/Licenses | *10* | - | 24,703 | - | - | - | 24,703 | - | - | - | 24,703 | - | 74,110 |
| **Total Operational Disbursements** | | 549,414 | 222,042 | 1,250,012 | 197,413 | 349,414 | 222,042 | 900,512 | 197,413 | 349,414 | 222,042 | 775,512 | 5,235,230 |
| | | | | | | | | | | | | | |
| **Net Cash from Operations** | *a* | (427,424) | (53,023) | (719,855) | (37,415) | (132,315) | 91,838 | (616,889) | 49,517 | (93,623) | (25,707) | (478,699) | (2,443,595) |
| | | | | | | | | | | | | | |
| **CCAA Related Payments** | | | | | | | | | | | | | |
| DIP Facility Repayment | | - | - | - | - | - | - | - | - | - | - | - | - |
| DIP Fees | *11* | - | - | - | - | - | - | - | - | - | - | 150,000 | 150,000 |
| Factoring Settlements | | - | - | - | - | - | - | - | - | - | - | - | - |
| Information Monitor | | - | - | - | - | - | - | - | - | - | - | - | - |
| Payments to Trust Account | | - | - | - | - | - | - | - | - | - | - | - | - |
| Restructuring Process (Prof. Services) | *12* | 350,000 | 250,000 | 250,000 | 200,000 | 200,000 | 170,000 | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 | 2,020,000 |
| **Total CCAA Related Payments** | | 350,000 | 250,000 | 250,000 | 200,000 | 200,000 | 170,000 | 120,000 | 120,000 | 120,000 | 120,000 | 270,000 | 2,170,000 |
| | | | | | | | | | | | | | |
| **Net Cash Receipts/(Disbursements)** | *b* | (777,424) | (303,023) | (969,855) | (237,415) | (332,315) | (78,162) | (736,889) | (70,483) | (213,623) | (145,707) | (748,699) | (4,613,595) |
| | | | | | | | | | | | | | |
| **Cash on Hand** | | | | | | | | | | | | | |
| Opening balance | *13* | 799,060 | 3,332,334 | 3,029,311 | 2,059,456 | 1,822,040 | 1,489,725 | 1,411,563 | 674,674 | 604,191 | 390,568 | 794,861 | 799,060 |
| DIP Facility Draw/Repayment | *14* | 3,310,698 | - | - | - | - | - | - | - | - | 550,000 | - | 3,860,698 |
| Net Cash Receipts/(Disbursements) | *=a+b* | (777,424) | (303,023) | (969,855) | (237,415) | (332,315) | (78,162) | (736,889) | (70,483) | (213,623) | (145,707) | (748,699) | (4,613,595) |
| **Ending Cash Balance** | | 3,332,334 | 3,029,311 | 2,059,456 | 1,822,040 | 1,489,725 | 1,411,563 | 674,674 | 604,191 | 390,568 | 794,861 | 46,163 | 46,163 |
| | | | | | | | | | | | | | |
| **DIP** | | | | | | | | | | | | | |
| Opening Balance | | 1,139,302 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 5,000,000 | 1,139,302 |
| DIP Facility Draw/Repayment | | 3,310,698 | - | - | - | - | - | - | - | - | 550,000 | - | 3,860,698 |
| **Ending Balance** | | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 4,450,000 | 5,000,000 | 5,000,000 | 5,000,000 |

**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 Cash Flow Forecast of the Applicants excluding GreenSeal Cannabis Company Ltd. (the "AgMedica Group")**

**July 22, 2024 to October 6, 2024 (the "Forecast Period")**

**Disclaimer:**

In preparing this cash flow forecast (the "**AgMedica CFF**"), 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 Agmedica CFF includes estimates concerning the AgMedica Group'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 Agmedica CFF 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 Agmedica CFF, 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 Agmedica CFF includes the receipts and disbursements of the AgMedica Group during the Forecast Period. The Applicants, with the assistance of the Monitor, have prepared the Agmedica CFF based primarily on estimated receipts and disbursements related to the AgMedica Groups' ongoing operations during the anticipated stay extension period. The AgMedica CFF excludes any advances received to pay out the Bridge Facility.

Receipts and disbursements are denominated in Canadian dollars.

**Assumptions:**

1. **Receipts**
   This category includes receipts generated by the AgMedica Group through the sale of cannabis products to provincial distributors domestically, bulk to other licensed producers and internationally to licensed customers in their respective countries. It also reflects intercompany inventory sales/purchases as between the Applicants. Rental income receipts are from leases with third party tenants in the AgMedica Groups' owned properties.

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**
   It assumes regular interest payments to the secured lender are made throughout the Forecast Period.

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 to ensure no tax charges are primed against the land & building assets.

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

8. **Insurance**
   Represents insurance expenses.

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

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

11. **DIP Fees**
    Assumes $150,000 commitment fee paid at the end of September.  DIP interest charges are to be accumulated over the period and paid on maturity.

12. **Restructuring Process**
    Restructuring costs include professional fee payments and expenses of the Applicants' legal counsel, the proposed Monitor and its counsel in connection with the Applicants' restructuring proceedings.

**13. Beginning Balance**

Represents the opening cash balance as of July 22, 2024.

**14. DIP Draws**

Represent DIP draws pursuant to the DIP facility of $5.0 million.

**APPENDIX "C"**
**SISP**

## SALE AND INVESTMENT SOLICITATION PROCESS

## Introduction

On June 20, 2024, Atlas Global Brands Inc., GreenSeal Cannabis Company, Ltd. ("**GreenSeal**"), GreenSeal Nursery, Ltd., AgMedica BioScience Inc., Wellworth Health Corp., 5047346 Ontario Inc., 8050678 Canada Inc. and Tavivat Naturals Inc. (collectively, the "**Applicants**" or the "**Company**) sought and obtained an initial order (as amended from time to time, the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**" and the proceedings commenced thereby, the "**CCAA Proceedings**") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). Capitalized terms used but not defined herein shall have the same meaning as given to them in the Initial Order.

Pursuant to the Initial Order, among other things: (i) Ernst & Young Inc. was appointed as the Monitor in the Applicants' CCAA Proceedings (in such capacity, the "**Monitor**"); and (ii) a stay of proceedings was granted in favour of the Applicants.

On July 2, 2024, the Court granted an Amended and Restated Initial Order under the CCAA, among other things: (i) extending the stay of proceedings to July 26, 2024 for all Applicants other than GreenSeal (ii) approving a debtor-in-possession loan facility in the amount of $5,000,000 (inclusive of the Bridge Loan Facility (as hereinafter defined)); (iii) approving a debtor-possession bridge loan facility in the amount of $3,750,000 (the "**Bridge Loan Facility**"); (iv) relieving the Company from certain securities reporting obligations; and (v) relieving the Company from the obligation to call and hold an annual meeting of the Company's shareholders.

On July 5, 2024, the Court granted a Second Amended and Restated Initial Order under the CCAA, among other things: (i) amending the scope of the DIP Lender's Charge to account for the DIP Lender's interest, fees and expenses; and (ii) amending the scope of Bridge DIP Charge to account for the Bridge DIP Lender's interest, fees and expenses.

On July 9, 2024, the Court granted a Third Amended and Restated Initial Order under the CCAA, among other things: (i) approving the Stoke Receivables Charge against the GS A/R; and (ii) appointing the Information Liaison for GreenSeal. Also on July 9, 2024, the Court adjourned the applications against GreenSeal for the appointment of a receiver brought by Your Neighbourhood Credit Union ("**YNCU**") and Stoke Canada Finance Corp. ("**Stoke**") (collectively, the "**GreenSeal Creditors**").

On July [26], 2024, the Court granted an order, among other things (the "**SISP Approval Order**"), approving the implementation of a sale and investment solicitation process on the terms set forth herein (the "**SISP**") to solicit interest in and opportunities for a sale, or investment in, all or part of the Company's property, assets and undertakings (the "**Property**") and/or its business (the "**Business**") (such transaction, a "**Transaction**").

## Opportunity

1. The Company and the Monitor shall implement the SISP procedures set out herein (the "**SISP Procedures**") in accordance with the terms hereof and the SISP Approval Order. Interested parties who wish to have their bids considered shall participate in the SISP in accordance with these SISP Procedures.

2. The SISP is intended to solicit interest in and opportunities for one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern, or a sale of all, substantially all or one or more components of the Property and Business operations of the Applicants, whether as a going concern or otherwise, and in one or more transactions (the "**Opportunity**").

3. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Applicants, the Monitor or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.

4. All interested parties are encouraged to submit bids based on either the form of share purchase agreement or asset purchase agreement in the Data Room (as defined below). Interested parties shall be permitted to make any changes, amendments, additions or deletions to such forms of share purchase agreement or asset purchase agreement as they consider appropriate.

5. These SISP Procedures contemplate consultation with Shalcor Management Inc. (the "**DIP Lender**"), 2596690 Ontario Inc. ("**AgriRoots**"), each of the GreenSeal Creditors, and the Information Liaison (collectively, the "**Consultation Parties**") at various stages. Notwithstanding anything else in these SISP Procedures, such consultation, and the provision of confidential information about the status of the SISP and any potential or actual bids or Transactions shall only occur to the extent the Consultation Party confirms in writing that they do not intend to participate as a bidder in the SISP (provided that the DIP Lender, AgriRoots, YNCU or Stoke are not precluded from submitting a credit bid prior to the Successful Bid(s) Selection Deadline if (i) no Qualified Bids are received by the Qualified Bid Deadline which repay all amounts outstanding under their respective facilities, (ii) the SISP is terminated for any reason, (iii) the Applicants and the Monitor consent, or (iv) the approval of the Court is obtained). The Consultation Parties shall keep all confidential information disclosed to them and the content of all consultations strictly confidential and shall not disclose it to anyone other than the Applicants and the Monitor. The Consultation Parties shall act in good faith and reasonably at all times in respect of this SISP. All confidential information shall be destroyed or returned immediately after the termination of the SISP.

**Key Dates**

6. The key dates for the SISP are as follows, as such dates may be modified or extended in accordance with the terms of this SISP, the DIP Term Sheet, the Bridge DIP Term Sheet, or orders of the Court:

| Date | Milestone |
|---|---|
| July [26], 2024 | Court issues the SISP Approval Order |
| July 29, 2024 | Commencement of SISP and distribution of Teaser Letter (as defined below) |
| September 6, 2024, at 5:00 p.m. (prevailing Eastern Time) ("**LOI Deadline**") | Deadline for submission of non-binding LOI (as defined below) |
| September 19, 2024, at 5:00 p.m. (prevailing Eastern Time) ("**Bid Deadline**") | Deadline for submission of Qualified Bids (as defined below) |
| September 20, 2024, at 11:59 p.m. (prevailing Eastern Time) ("**Successful Bid(s) Selection Deadline**") | Deadline for selection of the Successful Bid (as defined below) |
| September 26, 2024 (prevailing Eastern Time) or such other time as the Court may advise ("**Court Sale Approval Motion Date**") | Hearing of the Sale Approval Motion (as defined below) |
| October 7, 2024, or such later date as may be agreed to by the Successful Bidder (as defined below) and the Applicants, with the consent of the Monitor (the "**Outside Date**") | Deadline for completion of the transaction(s) represented by the Successful Bid |

7. Any extensions or amendments to the deadlines above will be communicated to all Known Potential Bidders, Potential Bidders or Qualified Bidders (as each term is defined herein), as applicable, in writing and such extensions or amendments shall be posted on the website the Monitor maintains in respect of the CCAA Proceeding at www.ey.com/ca/atlasglobal (the "**Monitor's Website**").

**Solicitation of Interest**

8. As soon as reasonably practicable following the issuance of the SISP Approval Order the Applicants will (to the extent they have not already done so), with the assistance of the Monitor:

   (a) prepare an initial list of persons who may have an interest in the Opportunity (the "**Known Potential Bidders**"), including (i) parties that have communicated to the Applicants or the Monitor that they have an interest in the Opportunity, (ii) strategic and financial parties in Canada or other jurisdictions that the Applicants or the Monitor reasonably determine may be interested in the Opportunity, and (iii) any other parties reasonably suggested by the Consultation Parties or any other stakeholder as a potential bidder who may be interested in the Opportunity;

(b) cause a notice of the SISP (and such other relevant information which the Applicants, in consultation with the Monitor, consider appropriate) (the "**Notice**") to be published in the Globe and Mail (National Edition) and any other publication in Canada as the Applicants, with the consent of the Monitor, consider appropriate, if any;

(c) issue a press release setting out the information contained in the Notice and such other relevant information which the Applicants, in consultation with the Monitor, consider appropriate for dissemination in Canada; and

(d) prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants, with the approval of the Monitor (the "**NDA**").

9. The GreenSeal Creditors may, on a timely basis, identify any parties to the Monitor which shall be included in the list of Known Potential Bidders.

10. The Applicants will send the Teaser Letter and NDA to all Known Potential Bidders by no later than July 29, 2024, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified by the Applicants or the Monitor as a potential bidder or who is reasonably suggested by the Consultation Parties or any other stakeholder as a potential bidder as soon as reasonably practicable after such request, identification or suggestion, as applicable.

11. The Monitor will post the Notice of the SISP, SISP Procedures and Teaser Letter on the Monitor's Website by no later than July 29, 2024.

**Phase 1: Letters of Intent**

12. Any party who wishes to participate in the SISP (a "**Potential Bidder**") must deliver to the Monitor at the address specified in Appendix "A" (including by email) prior to the LOI Deadline:

(a) an executed NDA;

(b) written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, and financial disclosure sufficient to allow the Applicants, in consultation with the Monitor, to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a Transaction pursuant to a Qualified Bid; and

(c) a letter of intent ("**LOI")** that sets forth the principal terms of the proposed Transaction, including: (i) the nature of the proposed transaction (asset sale, share purchase, investment etc.) (ii) the purchase price or other consideration offered in connection with the Transaction, including material assumed liabilities; (iii) description of any conditions or approval required and any additional due diligence required for the interested party to make a final binding bid; (iv) all conditions to closing that the interested party may wish to impose on the closing of the Transaction; (v) proposed treatment of the Applicants' employees; (vi) any other terms or conditions that the interested party believes are material to the Transaction; and (vii) any other information as may be reasonably requested by the Applicants, in consultation with the Monitor.

13. A Potential Bidder that (i) has satisfied the requirements set out in paragraph 12, and (ii) the Monitor, in consultation with the Applicants and the Consultation Parties, has determined is likely (based on the availability of financing, experience and other considerations) to be able to consummate a Transaction pursuant to a Qualified Bid, may be deemed to be a "**Qualified Bidder**".

14. At any time during the SISP, the Monitor, in consultation with the Applicants and the Consultation Parties, may decide to eliminate a Qualified Bidder from the SISP by providing written notice of such decision to such Qualified Bidder, and in which case, such bidder will be eliminated from the SISP and will no longer be a "Qualified Bidder" for the purposes of the SISP.

15. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and evaluation of a potential Transaction, and must agree that they are not relying on any express or implied representations or warranties from the Applicants or the Monitor in respect of the Property or Business.

**Due Diligence**

16. The Applicants, in consultation with the Monitor, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Property and Business as they may deem appropriate.

17. Due diligence access may include management presentations, access to any electronic data room ("**Data Room**") and other matters which a Qualified Bidder may reasonably request and as to which the Applicants may agree, in consultation with the Monitor.

18. The Monitor shall coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders. All due diligence and information requests must be directed to the Monitor.

19. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders.

20. The Applicants and the Monitor reserve the right to limit any Qualified Bidder's access to any confidential information (including any information in any Data Room) and to creditors, customers, landlords, suppliers or other stakeholders of the Applicants, where, in the opinion of the Applicants, in consultation with the Monitor, such access could negatively impact the SISP, the ability to maintain the confidentiality of the Applicants' confidential or competitive information, the Business, or the Property. For the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Applicants, in consultation with the Monitor, determine such information to represent proprietary or sensitive competitive information.

**Phase 2: Receipt of Qualified Bids**

21. A Qualified Bidder that wishes to make a formal binding offer to acquire all, substantially all, or a portion of the Property, or to purchase the shares of one or more of the Applicants, or to make an investment in, restructure, reorganize or refinance the Business/the Company, must deliver a binding bid to the Monitor at the address specified in Appendix "A" (including by email), so as to be received not later than the Bid Deadline.

22. Subject to paragraph 26, a bid so submitted will be considered a qualified bid (a "**Qualified Bid**") only if it complies with all the following requirements:

(a) Identification of Qualified Bidder. The bid identifies the Qualified Bidder and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated Transaction.

(b) Written Submission of Modified SPA or Modified APA and Commitment to Close. The bid is submitted in the form of an executed mark-up of the template share purchase agreement (the "**Modified SPA**") or executed mark-up of the template asset purchase agreement (each a "**Modified APA**") reflecting such Qualified Bidder's proposed changes to the template purchase agreement (together with a blackline of the Modified SPA or Modified APA against the applicable template purchase agreement), and a written and binding commitment to close on the terms and conditions set forth therein.

(c) Irrevocable. The bid includes a letter stating that the Qualified Bidder's offer is irrevocable and open for acceptance until the earlier of (a) the selection of the Successful Bidder (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder; and (b) the Outside Date.

(d) Contingencies. The bid is not conditional on obtaining financing or any board of directors or similar governing body or equity holder approval or on the outcome or review of due diligence.

(e) Proof of Financial Ability to Perform. The bid contains written evidence upon which the Applicants, in consultation with the Monitor, may reasonably conclude that the Qualified Bidder has the necessary financial ability to close the contemplated Transaction and provide adequate assurance of future performance of all obligations to be assumed in such contemplated Transaction.

(f) Deposit. The bid is accompanied by a cash deposit, to be held by the Monitor in a non-interest-bearing account in accordance with the terms hereof in an amount equal to at least ten percent (10%) of the purchase price or investment contemplated therein.

(g) Acknowledgments and Representations. The bid includes acknowledgements and representations of the Qualified Bidder that, in each case except as expressly stated in the definitive transaction agreement(s) signed by the Applicants, (i) it has had an opportunity to conduct any and all due diligence and it has relied solely upon its own independent review, investigation and/or inspection of any documents, the Business and/or the Property in making its bid (ii) it is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, made by any person or party, including the Applicants, the Monitor, and their respective employees, officers, directors, agents, advisors and other representatives, regarding the proposed transactions, this SISP, or any information provided in connection therewith; and (iii) it is making its bid on an "as is, where is" basis and without surviving representations or warranties of any kind by the Applicants, the Monitor or any of their respective employees, officers, directors, agents, advisors and other representatives.

(h) Closing. The bid provides for Closing to occur no later than the Outside Date; and

(i) Deadline. The bid is received by the Bid Deadline.

23. Following the Bid Deadline, the Monitor, in consultation with the Applicants and the Consultation Parties, will assess each bid submitted by a Qualified Bidder pursuant to paragraph 21 to determine whether such bids comply with the requirements set out in paragraph 22 and whether such bids constitute a Qualified Bid.

24. The Monitor may, in consultation with the Applicants and the Consultation Parties, aggregate separate non-overlapping bids from unaffiliated Qualified Bidders to create one "Qualified Bid".

**Evaluation of Competing Bids**

25. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder.

26. The Monitor, in consultation with the Applicants, may waive strict compliance with any one or more of the requirements specified above and deem any such non-compliant bid to be a Qualified Bid.

27. A Qualified Bid will be valued based upon numerous factors as may be considered relevant by the Applicants and the Monitor, in consultation with the Consultation Parties, including, without limitation, items such as the following, as applicable: purchase price or investment amount contemplated by the Qualified Bid; the net value provided by such bid; the claims likely to be created by such bid in relation to other bids; the identity, circumstances and ability of the Qualified Bidder to successfully complete such transaction(s); the proposed transaction documents; the effects of the bid on the stakeholders of the Company; factors affecting the speed, certainty and value of the transaction (including any regulatory or legal approvals or third party contractual arrangements required to close the transactions); the assets included or excluded from the bid, any related restructuring costs; and the likelihood and timing of consummating such transactions, each as determined by the Applicants and the Monitor in consultation with the Consultation Parties.

**Selection of Successful Bid(s)**

28. Prior to the Successful Bid(s) Selection Deadline, the Monitor, in consultation with the Applicants and the Consultation Parties, will: (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated between the Monitor, in consultation with the Applicants and the Consultation Parties, and the applicable Qualified Bidder, and

may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and (b) identify the highest or otherwise best bid(s) (the "**Successful Bid(s)**", and the Qualified Bidder(s) making such Successful Bid(s), the "**Successful Bidder(s)**") for any particular Property or the Business in whole or part. The acceptance and subsequent closing of any Successful Bid(s) by the Applicants, in consultation with the Monitor and the Consultation Parties, shall be subject to approval by the Court.

29. No Qualified Bid(s) shall be identified as a Successful Bid(s) in respect of the Property of the Applicants, excluding the Property of GreenSeal, without the express approval of the DIP Lender and AgriRoots, which approval shall not be unreasonably withheld, delayed, or conditioned.

30. No Qualified Bid(s) for any of the Property of GreenSeal shall be identified as a Successful Bid(s) over same without the express written consent of the applicable GreenSeal Creditor having a first security interest over such Property of GreenSeal which approval shall not be unreasonably withheld, delayed, or conditioned.

31. The Applicants shall have no obligation to enter into a Successful Bid, and reserve the right, in consultation with the Monitor and the Consultation Parties, to reject any or all Qualified Bid(s) and/or Credit Bid(s).

32. In the event it is not apparent which of the Qualified Bidders have the Successful Bid(s), the Monitor, in consultation with the Applicants and the Consultation Parties, may direct such Qualified Bidder(s) to participate in an auction (the "**Auction**") to be conducted and administered by the Monitor in accordance with the Auction Procedures Letter (defined below). The identification of any Successful Bid(s) by the Monitor, in consultation with the Applicants, and with the consent of the Consultation Parties, shall be subject to approval by the Court.

33. In the event that it is determined that there is to be an Auction in respect of some or all of the Property or Business, the Auction shall be governed by an auction procedures letter ("**Auction Procedures Letter**") to be prepared by the Monitor and sent to all applicable Qualified Bidders setting out, among other things, (a) the date, time and location of the Auction (including whether in person or by videoconference); (b) the amount of the starting bid; and (c) the initial minimum overbid.

**Credit Bidding**

34. Any party or parties holding a valid, enforceable, and properly perfected security interest in the Property or Business (the "**Credit Bidder(s)**") may, subject in all respects to such party's compliance with the SISP Procedures, credit bid the amount of debt secured by such lien (the "**Credit Bid(s)**") as part of any transaction contemplated by the SISP Procedures; provided, however, that such transaction shall also provide for the indefeasible and irrevocable repayment in full in cash on the date of closing of any such transaction of any and all obligations: (i) owing to the DIP Lender as may be allocated to such party's security and collateral; (ii) owing pursuant to any charges granted by the Court in the CCAA Proceedings as may be allocated to such party's security and collateral; and (iii) secured by a security interest in the Property or Business that is to be acquired under such transaction that is senior to the security interest held in such Property or Business by

the Credit Bidder(s) unless the holder or agent of any such senior security interest otherwise agrees.

35. The Applicants and Monitor shall consider any and all Credit Bid(s) in good faith, in consultation with the Consultation Parties and having regard to the interests of the first secured creditor in respect of the Property over which a Credit Bid is made.

**Sale Approval Motion Hearing**

36. The hearing of the motion pursuant to the CCAA for the Court to approve any transaction with a Successful Bidder (the "**Sale Approval Motion**"), if any, shall take place on or before the Court Sale Approval Motion Date.

37. As part of the Sale Approval Motion, the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid.

38. All Qualified Bids, other than the Successful Bid, if any, shall be deemed rejected by the Applicants on and as of the date of approval of the Successful Bid by the Court.

**Closing the Successful Bid**

39. The Company and the Successful Bidder shall take all reasonable steps to complete the transaction(s) contemplated by the Successful Bid as soon as possible after the Successful Bid is approved by the Court ("**Closing**").

**Confidentiality, Stakeholder/Bidder Communication and Access to Information**

40. All discussions regarding any bid or Transaction contemplated herein should be directed through the Monitor. Under no circumstances should any Potential Bidder or Qualified Bidder contact or communicate with the management of the Applicants or any creditor, customer, landlord, supplier or other stakeholder of the Applicants without the prior written consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process. For greater certainty, nothing herein shall preclude a person from contacting potential bidders, with the agreement of the Monitor, to advise that the Applicants have commenced a SISP and that they should contact the Monitor if they are interested in participating in the SISP.

41. If it is determined by the Monitor, with the consent of the Applicants, that it would be worthwhile to facilitate a discussion between a Qualified Bidder and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such bidder, the Monitor with the consent of the Applicants may provide such bidder with the opportunity to meet with the relevant stakeholder or third party to discuss such condition or potential condition, with a view to enabling such bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communication will take place on terms and conditions considered appropriate by the Monitor, with the consent of the Applicants. The Applicants and Monitor must be provided with the opportunity and shall be entitled to be present at all such communications or meetings.

## General

42. Notwithstanding the other provisions of the SISP Procedures, the Applicants may at any time bring a motion, in consultation with the Monitor and the Consultation Parties, to seek approval of a stalking horse agreement in respect of some or all of the Property or Business, which stalking horse agreement may include a Credit Bid by one or more of the Consultation Parties, or to establish further or other procedures.

43. If there is a Successful Bid, the applicable deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Sale Approval Motion will be applied to the purchase price or other consideration to be paid or investment amount to be made by the Successful Bidder, as applicable, upon closing of the approved transaction and will be non-refundable. Any deposit delivered with a Qualified Bid that is not selected as a Successful Bid will be returned to the applicable bidder not later than ten (10) business days after the closing of the Transactions contemplated in the Successful Bid.

44. If a Successful Bidder breaches its obligations under the terms of the SISP, its deposit shall be forfeited to the Applicants as liquidated damages and not as a penalty.

45. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between any member of the Company and any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Applicants.

46. Without limiting the preceding paragraph, the Applicants, the Monitor and the Consultation Parties shall not have any liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder, as a result of implementation or otherwise in connection with this SISP, except to the extent that any such liabilities result from the gross negligence or wilful misconduct of the Applicants, the Monitor or the Consultation Parties, as applicable, and as determined by the Court. Further, no person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder shall have any claim against the Applicants, the Monitor or the Consultation Parties in respect of the SISP for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct by the Applicants or the Monitor, as applicable, and as determined by the Court.

47. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with their participation in the SISP, including submission of any bid, due diligence activities, completion of a Successful Bid and any negotiations or other actions whether or not they lead to the consummation of a transaction.

48. All bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and Closing, as applicable.

49. For the avoidance of doubt, any approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, or any other statute or as otherwise required at law in order to implement a Successful Bid.

50. The Monitor, in consultation with the Applicants and the Consultation Parties, shall have the right at any time to modify (including extending any one or more of the deadlines set out herein) or end the SISP if, in their reasonable business judgment, such modification or termination will enhance the process or better achieve the objectives of the SISP.

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## APPENDIX "A"

**<u>To The Legal Counsel of the Applicants:</u>**

**Osler, Hoskin & Harcourt LLP**

**Attention:** Randal Van de Mosselaer / Justin Kanji
**Email:** rvandemosselaer@osler.com / jkanji@osler.com

**<u>To The Monitor:</u>**

**Ernst & Young Inc.**

**Attention:** Karen Fung / Greg Adams
**Email:** Karen.K.Fung@parthenon.ey.com / Greg.J.Adams@parthenon.ey.com

With a copy to:

**<u>To The Monitor's Counsel</u>**

**McCarthy Tétrault LLP**

**Attention:** Trevor Courtis
**Email:** tcourtis@mccarthy.ca