

Atlas Global Brands signs definitive agreement with a Cannabis Distributor (“Trading House”) and Two Cannabis Pharmacies in Israel

- *Atlas Global signs definitive agreement to acquire a licensed cannabis distributor (“Trading House”) and two licensed cannabis pharmacies in Israel to continue its expansion and market penetration*
- *These acquisitions are a strategic step as Atlas Global increases its presence globally and enhances capabilities across the cannabis value chain*

VANCOUVER, BRITISH COLUMBIA, CHATHAM, ONTARIO and TEL-AVIV, ISRAEL / Executive Business Services / February 7, 2023 – Atlas Global Brands Inc. (“**Atlas Global**” or the “**Company**”) (CSE: ATL), a cannabis company with expertise across the cannabis value chain, is pleased to announce that on February 6, 2023, the Company signed a definitive share purchase agreement (the “**Share Purchase Agreement**”) for the acquisition, through its wholly owned subsidiary, Cambrosia Ltd. (“**Cambrosia**”), of a 51% interest in (i) an Israeli licensed cannabis “Trading House”, intended to serve as the Company’s hub for imports to and distribution within Israel, and (ii) two pharmacies licensed to dispense medical cannabis in Israel, for consideration consisting of up to 2,800,702 common shares of Atlas (the “**Transaction**”).

“We are pleased to sign this agreement which brings us a step closer to expanding our footprint in Israel,” said Bernie Yeung, CEO of Atlas Global. “Increasing our capabilities across the value chain in Israel is core to our growth strategy, and this transaction increases our control of the distribution of Atlas’ brands, while bringing a strong product portfolio to the market. With the recent announcements made by the Israeli Ministry of Health (IMH)¹ to potentially transition from a medical cannabis licensing model to cannabis prescriptions, Atlas is well positioned to provide greater access to many more patients in Israel.”

The Acquired Businesses

Upon completion of the Transaction, the Company will acquire 51% of the outstanding securities of the following businesses:

- **An Israeli licensed cannabis Trading House**, strategically located in Tel Aviv. The Company plans to use this Trading House as its hub for the import, storage, and distribution of cannabis in Israel. A Trading House is an entity licensed to purchase, trade and store cannabis. To the best of Atlas’ knowledge, this is the only Trading House in Tel Aviv. A controlling interest in the Trading House will give Atlas the ability to store cannabis for pharmacies in the greater Tel Aviv area and provide them with a just-in-time supply of cannabis. Ownership of a Trading House adds another element to Atlas’ value chain.
- **Two pharmacies licensed to dispense medical cannabis, one in Tel Aviv and the other in Jerusalem, in prime locations.** Unlike most cannabis pharmacies in Israel, these pharmacies were designed for the sale of cannabis from the outset. It is believed that these pharmacies will help position Atlas as a premium supplier of cannabis in the Israeli market and expand Atlas’ retail presence in Israel.

The Share Purchase Agreement

Pursuant to the Share Purchase Agreement, Cambrosia, a wholly owned subsidiary of Atlas, will acquire ordinary shares of Harmony AI Holdings Ltd. (“**Harmony AI**”) and Harmony I.L. Management and Escorting Ltd. (“**Harmony IL**” and together with Harmony IL, “**Harmony**”), representing 51% of the issued and outstanding shares of each of Harmony AI and Harmony IL (the “**Purchased Shares**”). The purchase price for the Purchased Shares is the issue of up to 2,800,702 common shares of Atlas (“**Atlas Shares**”), at a deemed price of \$1.00 per Atlas Share (the “**Consideration Shares**”).

Pursuant to the Share Purchase Agreement, the Consideration Shares will be subject to a lock-up and will only be released to the vendors, as to 15% six months after closing of the Transaction and thereafter as to 15% every six months until the 36-month anniversary of the closing of the Transaction, at which time the remaining 25% will be released.

Also, pursuant to the Share Purchase Agreement, Atlas will loan an aggregate of \$196,180 to Harmony immediately, which loan will be guaranteed by the vendors and will be repaid immediately in the event the Transaction does not close. After closing, Atlas will make an additional loan in the same amount.

Concurrently, with closing of the Transaction the board of directors of Harmony will be reconstituted to consist of five members, three (including the chairperson) will be nominees of Cambrosia and the articles of association of Harmony will be amended to include pre-emptive rights in favour of all shareholders, a reciprocal right of first refusal and drag-along and tag along provision, in the event of a disposition of a majority interest in Harmony to a third party and as to the distribution of free cash flow as between creditors and shareholders.

The Share Purchase Agreement also grants the vendors a put option in respect of the remaining 49% interest in Harmony, exercisable for 60 days after approval by Harmony of its audited financial statements for the fiscal year ended December 31, 2026, and payable in common shares or cash, at the election of the Company.

Approximately ILS 4.8 million (CAD \$1,855,000) in bank debt and ILS 6,904,131 (CAD \$2,670,654) in shareholder loans will remain with Harmony post-closing. Shareholder loans are to be repaid from free cash flow.

Closing of the Transaction is subject to receipt of customary closing conditions including regulatory approvals. The Transaction is an arms-length transaction for the Company and does not constitute a fundamental change or result in a change of control of the Company, within the meaning of the policies of the CSE. The Transaction is expected to close in Q1 2023.

¹ Source: <https://www.mako.co.il/cannabis-news/Article-a33a132a0b6a581027.htm?sCh=3d385dd2dd5d4110&pId=548851807>

About Atlas Global Brands

Atlas Global is a licensed cannabis company operating in Canada and Israel with expertise across the cannabis value chain: cultivation, manufacturing, marketing, distribution, and pharmacy. Atlas currently serves eight countries: Australia, Canada, Denmark, Germany, Israel, Norway, Spain, and the United Kingdom. In addition to a differentiated product mix, geographic dispersion of brands demonstrates a well-established, diversified business model. Atlas currently operates two fully accredited and licensed cannabis facilities, including one EU-GMP facility. For more information, visit: www.atlasglobalbrands.com.

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Forward-Looking Information

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on

expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements.

Forward-looking information in this news release includes statements regarding the prospective benefits of the Transaction and the receipt, in a timely fashion, of regulatory and third-party consents and approvals. Forward looking information is based upon assumptions that are subject to significant risks and uncertainties. The forward-looking information reflects management's current expectations based on information currently available and are subject to a number of risks and uncertainties that may cause outcomes to differ materially from those discussed in the forward-looking information. Such risk factors may include, among others, the risk that the market for medical cannabis in Israel does not expand as expected, that the Transaction does not realize the expected benefits, the risk that the conditions to the completion of the Transaction are not satisfied and that any required regulatory and other approvals are not obtained in a timely manner, or at all. The anticipated timeline for completion of the Transaction may change for a number of reasons, including the inability to secure necessary regulatory, court or other approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Transaction.

Although the Company believes that the assumptions and factors used in preparing the forward-looking information are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. New risk factors emerge from time to time, and it is impossible for the Company's management to predict all risk factors, nor can the Company assess the impact of all factors on Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking information.

The forward-looking statements set forth herein concerning the Company reflect management's expectations as at the date of this news release and are subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.