



Atlas Provides Calendar Year End Corporate Update

- *Atlas is diligently advancing the completion of annual audited statements together with its Q1 and Q2 interim financial statements and related MD&A and continues to be committed to transparent and accurate financial reporting.*
- *Continuing hostilities in Israel have impacted the Company's plans for that market, and to the extent necessary and appropriate, its plans will be modified.*
- *Atlas has realized significant cost and expense reductions and continues to streamline its two Canadian facilities to optimize its value chain.*
- *Strategically, the Company is leveraging its EU-GMP capabilities and the launch of new products under the global brand D*gg Lbs to increase revenue.*

CHATHAM, ONTARIO and TEL-AVIV, ISRAEL / Executive Business Services / December 29, 2023 – Atlas Global Brands Inc. ("**Atlas Global**", "**Atlas**" or the "**Company**") (CSE: ATL), a cannabis company with expertise across the value chain, provides a year end update.

Progress on Financial Reporting

On August 9, 2023, Atlas announced that as anticipated, due to the complexity of accounting for the Company's tri-partite and multijurisdictional business combination completed on December 30, 2022 and subsequent acquisitions, it did not file its audited annual consolidated financial statements and related management's discussion and analysis and certifications for the financial year ended March 31, 2023, due July 31, 2023 (collectively, the "**Required Annual Filings**") as required by National Policy 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"). As a result, effective August 8, 2023, the Ontario Securities Commission (the "**OSC**"), as the principal regulator issued a failure-to-file cease trade order ("**FFCTO**").

Subsequently, and also as anticipated, the Company (i) did not file its interim financial report and related management's discussion and analysis and certifications for the interim period ended June 30, 2023, due August 29, 2023 (collectively, the "**Required Q1 Interim Filings**") as required by NI 51-102; and (ii) will not file its interim financial report and related management's discussion and analysis and certifications for the interim period ended September 30, 2023, due December 30, 2023, as required by NI 51-102 (collectively, the "**Required Q2 Interim Filings**"). A revocation of the FFCTO will require the filing of the Required Annual Filings, Required Q1 Interim Filings and Required Q2 Interim Filings.

The Company is diligently progressing the Required Annual Filings, Required Q1 Interim Filings and Required Q2 Interim Filings and to that end has expanded its finance function with additional dedicated

professional expertise. As previously stated, the business combination completed in December 2022 was complex and novel from a financial reporting perspective, resulting in this delay.

Despite the delay in filing the Required Annual Filings, Required Q1 Interim Filings and Required Q2 Interim Filings, and the disruptions to its planned expansion into Israel, as described below, operationally, the Company has progressed well.

Year-End Corporate Strategy Update

Since completing the business combination in December 2022, the Company has refined its strategy, achieving cost reductions, launched new products and increased its export volume and revenues outside of Israel.

Key milestones include:

- Making the difficult decision to place its operations in Gunn Alberta, into receivership, but nonetheless improving its consolidated balance sheet.
- Announcing a brand partnership with Calvin Broadus Jr. a.k.a Snoop Dogg and launched the first product of the collaboration, D*gg Lbs, in both Canada and Israel.
- Establishing its EU-GMP licensed facility in Chatham, Ontario as a hub, focused on growing, processing and packaging product for international export to markets such as: Australia, Germany, Denmark, the United Kingdom, and Israel with discussions underway to add other international markets.
- Focusing activity at its licensed facility in Stratford, Ontario on growing, processing and packaging for the domestic Canadian market while continuing to breed unique genetics for both the domestic and international markets.
- Enhancing yield and the proportion of Grade A flower at both its Chatham and Stratford facilities.
- Expanding operations at its Chatham facility to include EU-GMP vape production.
- Positioning the Company as the “partner of choice” for the export of vape products with custom formulations designed to meet the regulatory requirements of each specific medical market.
- Continuing to see returns on its investment in the customer experience associated with its D*gg Lbs product in the form of high trial and repeat purchases.
- Continuing to see some penetration of the Israel market despite the shipping limitations, channel disruption and employee departures for military service, all due to the unprecedented level of hostilities in the region.

Bernie Yeung, Chief Executive Officer added: “Making the extra time investment to ensure the audit is completed thoroughly and accurately is my commitment to shareholders and a priority. This investment will be foundational to the Company’s ongoing financial reporting. Notwithstanding the challenges associated with the preparation of its audited financial statements and hostilities in the Middle East, in the last year, the Company has made some significant commercial and operational changes that have allowed us to define the lane we want to win in: the international medical cannabis market. Towards that, we will continue to invest in and expand our resources while developing our position as a “go to partner” for the processing, packaging and export of flower, oils and vapes. Rest assured, we have made significant progress and are confident we have a solid foundation to drive sustainable and profitable growth long term”.

Update on Previously Announced International Acquisitions

Atlas previously announced on February 7, 2023, that its wholly-owned subsidiary, Cambrosia Ltd. (“**Cambrosia**”) had entered into a definitive agreement for the acquisition of 51% of the outstanding securities of one trading house and two additional purpose-built cannabis pharmacies in Israel (the “**Harmony Acquisition**”). In anticipation of the completion of the transaction, Cambrosia, extended loans to Harmony, and provided (via third parties) the Harmony trade house with product for distribution to pharmacies. Owing to disputes regarding, among other matters, payment for product, the acquisition agreement was terminated in accordance with its terms, on the basis that the transaction contemplated thereby was not completed by the date prescribed for completion in the acquisition agreement.

In addition, on December 20, 2023, Cambrosia filed a lawsuit against Harmony and its four founders in the District Court of Tel Aviv, seeking the following remedies:

- Repayment of the loan amount (including interest and VAT on the interest) in the amount of NIS 1,431,838 (approx. CAD \$524,768).
- Restitution of the value of the goods transferred by Cambrosia and/or on its behalf and sold by the respondents, minus a distribution and sales commission at a rate of 10.5%, in the amount of NIS 3,291,764 (approx. CAD \$1,206,431) plus VAT.
- Restitution of the value of the goods held by the respondents at a 3rd part trading house, minus a distribution and sales commission at a rate of 10.5%, in the amount of NIS 1,782,715 (approx. CAD \$653,365) plus VAT.
- From these amounts, a total of NIS 1,395,537 (approx. CAD \$511,464) paid to Cambrosia and/or on its behalf must be deducted,

For a total net claim of NIS 5,973,442 (approx. CAD \$2,189,266) (including VAT).

As part of the claim, Cambrosia asked the court for a lien on the bank accounts of Harmony and its four founders. On December 21, 2023 the court approved Cambrosia’s request and issued a lien on those accounts in an amount of NIS 2,137,226 (approx. CAD \$783,293), on each of the accounts of all 6 defendants.

Following a request by Cambrosia, on December 25, 2023, the court issued new liens on the accounts of all defendants, revising the amount of the liens to NIS 3,291,764 (approx. CAD \$1,206,431) in each account.

As further announced on May 18, 2023, the Company entered into a definitive agreement, signed May 17, 2023, for the acquisition of 51% of the outstanding securities of an Israeli private limited liability company operating a medical cannabis pharmacy (the “**High Times Transaction**”). The parties agreed, on December 24 2023, to extend the final deadline for completing the transaction to December 31, 2024, and made numerous amendments to the terms of the proposed transaction, including in material part:

- 90% of the shares to be purchased will be deposited with a trustee, as soon as a trustee agreement will be entered into, expected in January 2024.
- Following the signing of the trustee agreement, Cambrosia will have the right to appoint 2 of 3 board members of the pharmacy, will have effective management of the pharmacy, and will have control of the pharmacy’s bank account.

- Following the signing of the trustee agreement, Cambrosia will indemnify the vendor for 51% of the pharmacy's existing bank loan, the indemnified amount being approximately NIS 150,000 (approx. CAD \$54,975).
- Funding requirements of the pharmacy following the signing of the trustee agreement will be provided as to 51% by Cambrosia and as to 49% by the vendor.
- Should all conditions precedent be met by December 31, 2024, Cambrosia will receive 100% of the shares of the pharmacy, for the same aggregate purchase price as was originally agreed for the purchase of a 51% interest.
- Should all conditions precedent not be met by December 31, 2024, Cambrosia will have the right to instruct the trustee to sell 100% of the pharmacy, with proceeds allocated as to NIS 650,000 (approx. CAD \$238,225) to Cambrosia, and the balance equally as between Cambrosia and the vendor.

Finally, the Company further announced on May 24, 2023, that it had entered into a definitive agreement for the acquisition of 51% of the outstanding securities of three Israeli private limited liability companies operating medical cannabis pharmacies (the "**Previously Announced Transaction 3**"). This agreement was terminated pursuant to its terms.

Closing Remarks

As we navigate the challenges of a dynamic market, Atlas extends its gratitude to our investors for their patience and trust. We are immensely proud of the significant progress achieved in aligning our commercial strategy, people, and processes. Atlas is dedicated to identifying efficient avenues for driving top-line growth while ensuring profitability. The future is bright, and our international cannabis strategy will continue to define and showcase where Atlas has a well-defined value proposition for investors, customers, consumers and patients around the world.

About Atlas Global

Atlas Global is a global cannabis company operating in Canada and Israel with expertise across the cannabis value chain, including cultivation, manufacturing, marketing, distribution, and pharmacy. Atlas currently distributes to eight countries: Australia, Canada, Denmark, Germany, Israel, Norway, Spain, and the United Kingdom. In addition to a differentiated product mix, Atlas operates two licensed cannabis facilities – one with EU-GMP and three medical pharmacies in Israel.

Learn more by visiting: 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, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information currently available and on the current expectations of the Company and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward looking statements including unforeseen delays or events that could delay the filing of the Required Annual Filings and Required Q1 or Q2 Interim Filings within the anticipated timeline; the capacity of management may not be sufficient to complete the Required Annual Filings and the Required Q1 and Q2 Interim Filings within the anticipated timeline; that the cease trade order is not revoked in a timely manner or at all; that, if the Company is unsuccessful in its claims against Harmony, that the revised conditions to the completion of the High Times Acquisition are not satisfied and the Company is unable to recover its investment, ; the Company a history of operating losses and has a working capital deficit, and, as a result, needs additional capital, which it may not be able to raise on favorable terms; global economic conditions may affect operating results and access to capital; failure or deterioration of quality control systems could have a material adverse effect on the business, financial condition and operating results of the Company; reliance on third party suppliers and inflationary risk may impact the Company's ability to secure required supplies and services; the alteration or termination of any provincial or territorial government contracts could harm the Company's business, the Company's businesses in Israel are subject to geopolitical risks; the Company may face logistical problems, delays and increased costs to deliver products to customers due to reliance on secure third-party transportation services; the Company depends on highly-skilled personnel to operate its business and if the Company is unable to retain its current, or hire additional, personnel, its ability to develop its businesses could be harmed; competition could render the Company's products uncompetitive; the cannabis industry and/or the Company may be subject to unfavorable publicity or consumer perception; the Company may fail to meet target production capacity; the Company is subject to the risk of information systems failure; the Company's business is subject to cybersecurity risks; the Company may be subject to product liability claims, regulatory action and litigation; the Company is reliant on international advisors and consultants; a recall of the Company's products could be harmful to its business; the Company may not have adequate insurance coverage; and the Company may inadvertently undertake business in the United States of America.

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.