



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

Multiple horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See attachment.

Multiple horizontal lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

Multiple horizontal lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ *[Handwritten Signature]* Date ▶ February 21, 2019  
Print your name ▶ Matthew Karanogl Title ▶ Financial Controller

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	



Zenabis Global Inc. (formerly Bevo Agro Inc.)

Attachment to Form 8937-Part II

Report of Organizational Actions Affecting Basis of Securities (Arrangement)

**Consult your tax advisor:** The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the “Distribution” and of the “Merger” (each as defined below) on the tax basis of shares in Zenabis Global Inc., (“Zenabis”) (formerly known as Bevo Agro Inc., “Bevo”), in the hands of Zenabis shareholders who are U.S. taxpayers (“U.S. Shareholders”). This discussion does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders.

All U.S. Shareholders that received common shares of CubicFarm Systems Corp. (“CubicFarms”) in the Distribution should consult their own tax advisors regarding the particular consequences of the Distribution to them, including the applicability and effect of all U.S. federal, state and local tax laws and foreign tax laws.

For additional information, please read the Management Information Circular, dated as of November 23, 2018, mailed to Zenabis shareholders. You may access the Management Information Circular at [www.sedar.com](http://www.sedar.com) (in the Issuer Profile for Zenabis and identified therein as a Management Information Circular filed on November 23, 2018).

#### Item 14. Description of organizational action

**Step 1:** On January 8, 2019, pursuant to the terms and conditions of the Arrangement Agreement dated October 4, 2018 among Bevo, Sun Pharm Investments Ltd. (“Sun Pharm”) and CubicFarms, Bevo changed its name from “Bevo Agro Inc.” to “Zenabis Global Inc.” (the “Name Change”)

**Step 2:** Following the Name Change, Zenabis distributed to its shareholders holding Zenabis common shares, on a pro rata basis, all of the common shares held by Bevo in CubicFarms (the “Distribution”).

**Step 3:** Following the Distribution, 11114719 Canada Corp. (“Merger Sub”) merged with Sun Pharm (the “Merger”) to form Zenabis Investments Ltd., a wholly-owned subsidiary of Bevo.

**Step 4:** Following the Merger, Zenabis common shares started trading under the ticker symbol “ZENA” on the TSX Venture Exchange.

Part II Item 15. Description of the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer

Pursuant to the Distribution, each holder of Zenabis shares prior to the Merger surrendered each such Zenabis share in exchange for: (i) one newly-issued Zenabis common share and (ii) 1.00255777 CubicFarms shares.

Pursuant to the Merger, former Sun Pharm shareholders received, for each Sun Pharm share held, approximately one Zenabis share. The Merger qualifies as a tax-free reorganization under Section 368(a) of the Code. Thus, the tax basis of the shares of Zenabis received by a former Sun Pharm shareholder who received solely Zenabis shares should be the same as that shareholder's tax basis in the Sun Pharm shares surrendered in exchange therefor.

Part II Item 16. Description of the calculation of the change in basis

Because Zenabis has not maintained a calculation of its accumulated and current earnings and profits as determined for United States federal income tax purposes, the Distribution is assumed to constitute a fully-taxable dividend. Accordingly, each Zenabis shareholder which received CubicFarms shares pursuant to the Distribution should have a tax basis in such CubicFarms shares received equal to their fair market value as of the effective date of the Distribution. For purposes of estimating the fair market value of each CubicFarms share as of January 8, 2019, Zenabis believes each CubicFarms share had a fair market value of CAD\$0.15 as of such date. Zenabis shareholders which received CubicFarms shares pursuant to the Distribution should consult with their own tax advisors regarding the appropriate fair market value as of January 8, 2019 of the CubicFarms shares received pursuant to the Distribution.

Each Zenabis shareholder's tax basis in its Zenabis common shares or Zenabis preferred shares received pursuant to the Distribution should be equal to such shareholder's adjusted tax basis in its Zenabis shares immediately prior to the Distribution.

Because the Merger should qualify as a tax-free reorganization under Section 368(a) of the Code, the tax basis of the shares of Zenabis received by a former Sun Pharm shareholder who received solely Zenabis shares pursuant to the Merger should be the same as such shareholder's tax basis in the Sun Pharm shares surrendered in exchange therefor.

Former Sun Pharm shareholders that acquired Sun Pharm shares at different times or at different prices will need to calculate their tax basis in each block of shares to determine their tax basis in the Zenabis shares received in exchange for their Sun Pharm shares pursuant to the Merger.

Part II Item 17. (list of applicable Code sections)

Zenabis has not maintained a calculation of its accumulated and current earnings and profits as determined for United States federal income tax purposes. Accordingly, the Distribution is assumed to constitute a fully-taxable dividend and the federal income tax consequences to the Zenabis shareholders which participated in the Distribution are determined under Sections 301(c), 316(a) and 317(a) of the Code.

The Merger should qualify as a tax-free reorganization under Section 368(a) of the Code. Accordingly, provided the Merger qualifies as a tax-deferred reorganization under Section 368(a) of the Code, the federal income tax consequences to the former Sun Pharm shareholders are determined under Sections 354, 356 and 358 of the Code.

Part II Item 18. (recognition of loss)

No loss should be recognized by a Zenabis shareholder in connection with the Distribution.

No loss should be recognized by a former Sun Pharm shareholder in connection with the Merger.

Part II Item 19. (other information)

The Distribution was effective on January 8, 2019. For a Zenabis shareholder which participated in the Distribution whose taxable year is a calendar year, the reportable tax year is 2019.

The Merger was also effective on January 8, 2019. For a former Sun Pharm shareholder whose taxable year is a calendar year, the reportable tax year is 2019.