

# **BEVO AGRO INC.**

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## **NEWS RELEASE**

### **BEVO AGRO INC. REPORTS FISCAL 2019 Q1 RESULTS.**

Bevo Agro Inc. (TSXV: BVO) is pleased to announce operating and financial results for the first quarter ending September 30, 2018.

#### **Q1 Highlights**

Bevo announced an Arrangement Agreement with Sun Pharm Investments for a reverse take-over of Bevo which involves three main elements:

- the amalgamation of Sun Pharm with a wholly-owned subsidiary of Bevo with Sun Pharm shareholders receiving 86% of the outstanding Bevo shares (the expected exchange ratio being one Bevo share for each Sun Pharm share) and the existing Bevo shareholders continuing to hold Bevo shares representing a 14% interest in Bevo.
- a plan of arrangement under which Bevo will distribute its interest in CubicFarm Systems Corp. ("Cubic") to the shareholders of Bevo (the "Spin-Out"), with Bevo shareholders expected to receive one common share of Cubic for every Bevo share held. A brief summary of Cubic's cubic farming business is set out below.
- Bevo changing its name to Zenabis Global Inc. ("Zenabis," being one of Sun Pharm's established brands in the cannabis industry).

The transaction is scheduled to close in December 2018.

Sales for Q1 of fiscal 2019 totaled \$4,249,699, a decline of 6% compared to sales of \$4,510,593 for the same quarter last year. The first quarter typically involves cleaning and transitioning the greenhouses from fourth quarter flower shipments into vegetable propagation and sales vary.

The gross profit for the three months was \$1,242,185 (29% of sales) compared to \$1,422,002 (32%) for the same period last year. The decrease in margin is directly related to a changed mix of client orders of propagated plants and utility costs.

EBITDA (Earnings before interest, taxes, depreciation and amortization) were \$559,549 for the quarter ended Sept. 30, 2018 compared to \$813,144 for the same period last year.

General operating expenses for the first quarter ending September 30, 2017 totaled \$1,404,432, versus \$1,361,273, reported for the same three months last year.

The after-tax net loss was \$121,747 for the three months compared to a net profit of \$44,929 in the first quarter of fiscal 2017.

Readers are encouraged to view the Company's financial statements for the first quarter ending September 30, 2018 and accompanying MD&A at [www.sedar.com](http://www.sedar.com).

**Summary- Consolidated Condensed Statements of Operations and Comprehensive Income**

<b>3 months ended</b>	<b>Sept. 30, 2018</b>		<b>Sept. 30, 2017</b>		<b>Change</b>
Sales	\$4,249,699	100%	\$4,510,593	100%	-\$260,894
Cost of Sales	\$3,007,514	71%	\$3,088,591	68%	-\$81,077
Gross Margin	\$1,242,185	29%	\$1,422,002	32%	-\$179,817
Expenses					
General Operating	\$366,812	9%	\$324,212	7%	\$42,600
Employee Benefits	\$315,824	7%	\$284,646	6%	\$31,178
Amortization	\$542,328	13%	\$555,217	12%	-\$12,889
Interest expenses	\$179,468	4%	\$197,198	4%	-\$17,730
Total expenses	\$1,404,432	33%	\$1,361,273	30%	\$43,159
Earnings (loss) from operations	-\$162,247	-4%	\$60,729	1%	-\$222,976
Earnings before taxes	-\$162,247		\$60,729		-\$222,976
Income taxes-future	-\$40,500		\$15,800		-\$56,300
Net earnings (loss) for period	-\$121,747	-3%	\$44,929	1%	-\$166,676
EBITDA	\$559,549	13%	\$813,144	18%	-\$253,595

Bevo Agro is North America's leading supplier of propagated agricultural plants, operating approximately 53 acres of greenhouse facilities on 98 acres of land in Langley, BC and 20 acres of land in Pitt Meadows, BC. The Company's main products are the propagation of vegetable plants such as tomatoes, peppers, cucumbers, and other plants such as bedding plants, flowers and grasses. The Company markets its products to established greenhouse growers, nurseries and retail outlets throughout North America.

Sun Pharm is a leader in agriculture, technology, pharmaceutical sales, consumer packaged goods, international distribution and brand marketing, with cannabis and cannabis-related purchase orders from the provinces of New Brunswick, British Columbia, Nova Scotia, and Yukon Territory. Sun Pharm is currently a privately-held cannabis company which has one of the largest, federally licensed indoor medical cultivation footprints in Canada, operating two licensed production facilities in British Columbia and New Brunswick, with a third expected to be coming online shortly in Nova Scotia. These facilities encompass 660,000 square feet of indoor pharmaceutical grade cannabis production space, strategically positioned on Canada's coasts, facilitating national distribution and access to international markets. Sun Pharm is currently working towards globally recognized EU GMP certifications. Sun Pharm has one of the most experienced management teams in the industry, with expertise in retail consumer packaged goods, global pharmaceutical sales and manufacturing, quality assurance, and commercialized cultivation. The growing team has more than two decades of experience in organic cultivation and distribution of herbs and nutraceutical products throughout the Americas, North Africa, and the Middle East. Sun Pharm's sales team has more than two decades in product development, commercialization, and retail and pharmaceutical sales including international distribution.

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