

Abacus Health Products, Inc.
EIN 98-1543475
Attachment to IRS Form 8937
Date of Organizational Action: June 11, 2020

The information contained herein 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. Shareholders should note that no ruling has been (or will be) sought from the U.S. Internal Revenue Service with respect to the arrangement and the U.S. Internal Revenue Service is not bound by the information set forth herein. Each shareholder is advised to consult his or her tax advisor regarding the tax consequences of the arrangement.

Part I, Box 10.

The CUSIP number for subordinate voting shares of Abacus Health Products, Inc. is 00258K104.
The CUSIP number for warrants of Abacus Health Products, Inc. is 00258K112.
The CUSIP number for common shares of Charlotte's Web Holdings, Inc. is 16106R109.

Part II, Box 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On June 11, 2020, Abacus Health Products, Inc., a corporation existing under the laws of the Province of Ontario ("**Abacus**") and Charlotte's Web Holdings, Inc., a corporation existing under the laws of the Province of British Columbia ("**Charlotte's Web**") completed a court approved arrangement under the *Business Corporations Act* (Ontario) (the "**Arrangement**"), pursuant to which Charlotte's Web acquired all of the issued and outstanding subordinate voting shares of Abacus. Pursuant to the Arrangement, each Abacus shareholder received 0.85 of a common share of Charlotte's Web ("**Charlotte's Web Shares**") for each subordinate voting share of Abacus ("**Abacus Shares**"). No fractional shares of Charlotte's Web Shares were issued.

Pursuant to the Arrangement, all outstanding options, stock appreciation rights and warrants of Abacus were exchanged for equivalent securities of Charlotte's Web.

The foregoing is a summary of the Arrangement and does not purport to contain all the details. Additional information about the Arrangement is contained in the Management Information Circular with respect to a Proposed Arrangement Involving Abacus Health Products, Inc., Securityholders of Abacus Health Products, Inc., and Charlotte's Web Holdings, Inc., dated May 4, 2020 (the "**Information Circular**"), which is available at www.sedar.com.

Part II, Box 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

Abacus and Charlotte's Web each intend that the Arrangement will be treated as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Assuming the Arrangement is treated in the manner described in the preceding sentence, the aggregate tax basis of a U.S. holder in the Charlotte's Web Shares received pursuant to the Arrangement will be equal to such U.S. holder's aggregate tax basis in the Abacus Shares surrendered in exchange therefor. For additional information, see "Certain U.S. Federal Income Tax Considerations for the Corporation's Shareholders" in the Information Circular.

Part II, Box 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

As described above under Box 15, there should be no basis adjustment as a result of the exchange of Abacus Shares for Charlotte's Web Shares pursuant to the Arrangement. A U.S. holder that acquired Abacus Shares at different times or different prices generally will be required to calculate a separate aggregate tax basis for each block of Abacus Shares and to determine his or her tax basis in the Charlotte's Web Shares received in respect of such block of Abacus Shares separately.

Part II, Box 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

The Arrangement is intended to be treated as a "reorganization" within the meaning of Section 368(a) of the Code. Consequently, the U.S. federal income tax consequences of the Arrangement to the holders of Abacus Shares are determined under Section 354, Section 358 and Section 368 of the Code. Each of Abacus and Charlotte's Web is treated for U.S. federal income tax purposes as a U.S. corporation for all purposes of the Code pursuant to Section 7874 of the Code, notwithstanding that each is organized under the laws of Canada. For additional information, see "Certain U.S. Federal Income Tax Considerations for the Corporation's Shareholders" in the Information Circular.

Part II, Box 18. Can any resulting loss be recognized?

The Arrangement is intended to be treated as a "reorganization" within the meaning of Section 368(a) of the Code. As a result, assuming that the Arrangement is so treated, a U.S. holder of Abacus Shares will not recognize any loss upon receipt of Charlotte's Web Shares pursuant to the Arrangement. For additional information, see "Certain U.S. Federal Income Tax Considerations for the Corporation's Shareholders" in the Information Circular.

Part II, Box 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Arrangement was effective as of June 11, 2020. Consequently, the reportable tax year for the Arrangement for each U.S. holder of Abacus Shares is the taxable year of such U.S. holder that includes June 11, 2020.

U.S. holders are urged to consult their own tax advisors with respect to their own tax considerations arising from the Arrangement in their particular circumstances.