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# Sunniva Inc. to Spin Out and List Canadian Assets on Toronto Stock Exchange and NASDAQ Stock Market to Unlock Shareholder Value

VANCOUVER, British Columbia, July 10, 2018 (GLOBE NEWSWIRE) -- via NetworkWire -- Sunniva Inc. ("**Sunniva**" or the "**Company**") (CSE:SNN) (OTCQX:SNNVF), a North American provider of cannabis products and services, is pleased to announce that it intends to spin out its Canadian assets into a separate Canadian entity and apply to list the shares on the Toronto Stock Exchange ("**TSX**") and the NASDAQ Stock Market ("**NASDAQ**") in an effort to unlock the underlying value of the Company's assets on both sides of the border (the "**Spinout Transaction**"). The Company has retained Canaccord Genuity Corp. to act as a financial advisor in connection with the Spinout Transaction and other strategic initiatives.

The proposed Spinout Transaction of the Canadian assets would include Sunniva Medical Inc. ("**SMI**"), which is building the Sunniva Canada Campus, 740,000 square feet of purpose-built current Good Manufacturing Practice ("**cGMP**") designed greenhouse facilities in British Columbia. SMI has a take or pay supply agreement with Canopy Growth Corporation ("**Canopy**"). Under the terms of the initial two-year agreement, which includes the distribution of Sunniva branded products, Canopy will purchase approximately 45% of Sunniva's annual production capacity. The Canadian assets also includes Natural Health Services Ltd. which owns and operates a network of 7 clinics in Canada specializing in medical cannabis under the *Access to Cannabis for Medical Purposes Regulations*.

The US assets that would remain with the current Canadian Securities Exchange ("**CSE**") listed entity include CP Logistics, LLC ("**CPL**") operating the Sunniva California Campus, 489,000 square feet of state-of-the-art, purpose-built greenhouse facilities in Cathedral City, California that is currently under construction and includes a flagship onsite dispensary with a distribution license. CPL also operates a licensed extraction facility in Cathedral City, which began operations in June 2018, and has entered into services agreements to manufacture extracted products for significant brand partners in California and will continue to look to identify new business relationships and customers and expand its extraction capabilities at the facility. The Company also anticipates launching its first line of Sunniva branded products in the US in Q3, 2018. The US assets also include Full-Scale Distributors, LLC which through its brand, Vapor Connoisseur, is a provider of custom, private-label vaporizers and accessories to our brand partners.

Completion of the Spinout Transaction will require satisfying a number of conditions including Sunniva shareholder approval, CSE approval and fulfilling the listing requirements of the TSX and NASDAQ exchanges, none of which can be assured. Shareholders of Sunniva will receive an information circular in respect of the Spinout Transaction which will

include information regarding the management, board of directors, financial statements and business plans of each of the entities. A meeting of the shareholders of Sunniva will be required.

Current Sunniva shareholders at the record date of the meeting will receive a proportionate number of shares in the new entity as part of the Spinout Transaction as well as continue to hold a proportionate number of shares in the current CSE listed entity. The shares of each company would then trade separately on their respective stock exchanges.

The Company expects the Spinoff Transaction will be completed prior to the end of 2018.

Dr. Holler, CEO of Sunniva stated, “We feel Sunniva is undervalued and through the Spinoff Transaction we hope to unlock significant value for our existing shareholders. Creating a new Canadian company with our Canadian assets and listing them on the TSX and NASDAQ would be expected to bring added visibility and additional analyst coverage to our story and has the potential to attract institutional investors that are currently unable to purchase stock on the CSE or purchase companies holding US assets.” Dr. Holler continued, “Our CSE listed entity, Sunniva Inc., will continue to focus on full vertical integration in California and other states with a focus on potential mergers and acquisitions or partnerships, further expansion of licensed retail outlets, and the near term launching of Sunniva branded products. Our initial flagship 325,000 square foot purpose-built cGMP designed Sunniva California Campus in Cathedral City which includes our flagship Sunniva onsite dispensary is anticipated to be operational in Q4 2018 and our extraction facility commenced operations in June 2018.”

### **About Sunniva Inc.**

Sunniva, through its subsidiaries, is a vertically integrated cannabis company operating in the world’s two largest cannabis markets – Canada and California – where we are committed to delivering safe, high-quality products and services at scale and creating trusted Sunniva branded cannabis products. Our vision is to become one of the lowest cost, highest quality vertically integrated cannabis producers in the markets we serve by building large scale purpose-built current cGMP designed greenhouses and further expansion of retail locations, offering better quality assurance with cannabis products free from pesticides, providing better customer access to cannabis education and sourcing better therapeutic delivery devices. Sunniva’s management and board of directors have a proven track record for creating significant shareholder value both in the healthcare and biotech industries.

For more information please visit: [www.sunniva.com](http://www.sunniva.com)

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

This press release contains forward-looking statements within the meaning of applicable securities laws. All statements that are not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, statements regarding the terms, conditions, timing and completion of strategic initiatives; stock exchange listings; unlocking of value; Sunniva’s plan to cultivate, produce, manufacture and distribute a broad range of

solutions focused on patients' and customers' needs and Sunniva's plans, timing and estimates for its facilities, are "forward-looking statements." Forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the risk factors included in the Sunniva's continuous disclosure documents available on [www.sedar.com](http://www.sedar.com). These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. Although Sunniva has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other risk factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in forward-looking statements. Sunniva assumes no obligation to update any forward-looking statement, even if new information becomes available as a result of future events, new information or for any other reason except as required by law.

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