

August 13, 2019



# Sunniva Provides Update On California Operations

VANCOUVER, British Columbia, Aug. 13, 2019 /PRNewswire/ -- Sunniva Inc. ("Sunniva", the "Company", "we", "our" or "us") (CSE: SNN) (OTCQB: SNNVF), a North American provider of cannabis products and services, today provided an operational update and outlook for its U.S. operations.



## Sunniva California Campus

The Company has recently been advised by our general contractor that connection of certain utilities to the glasshouse in Cathedral City, California have been delayed for several months. In addition, the longer than expected time to closing of the sale of Sunniva Medical Inc. to CannaPharmaRx, Inc. has limited the amount of cash available for the ongoing funding of the glasshouse which has created additional delays in the current schedule. The expected date for onboarding of genetic material and plants for phase one of the 325,000 square foot Sunniva California Campus is now anticipated to be early 2020. The developer and Sunniva have been disappointed with the overall progress of the glasshouse. As a result, the parties have reorganized the project management team and have engaged an internationally recognized construction consulting firm to manage the project through the final stages of construction and commissioning of the facility. Both parties believe that these changes will greatly influence the ability to achieve the revised estimated time to completion.

"Today's announcement of the deferral of our previously planned operational date is disappointing, however, we do not feel that this setback will have an impact on the long term value that may be created from the glasshouse and we remain confident that the cannabis grown in this facility will be of the highest quality in the industry." said Dr. Anthony Holler, CEO of Sunniva.

## Branded Cannabis Product Sales

The Company has been prioritizing available capital towards the completion of the glasshouse and as a result has reduced the amount of cash allocated to the purchase of biomass for use in the Company's Extraction Facility and to the purchase of third party

flower to be used in branded cannabis sales. As a result of this decision, the Company will not achieve its previously announced 2019 revenue estimate of USD\$55-\$60 million from sales of Sunniva branded products.

### **Preliminary Q2 2019 Revenue**

The Company is announcing preliminary revenue of \$5.3 million for the three-month period ended June 30, 2019. This represents an 18% increase over the \$4.5 million in revenue generated in the comparative three-month period from 2018. At the end of June 30, 2019, the Company had generated approximately \$19.5 million in revenue in 2019. Gross profit margin for the second quarter of 2019 is expected to be a loss of approximately \$1 million primarily due to the lower sales of cannabis products in California, while continuing to bear the fixed operational costs of the respective facilities.

"We are pleased with the performance of our operations in the first half of the year. The \$19.5 million in revenue is greater than the total revenue generated in all of 2018." Said Kevin Wilkerson, President of Sunniva, Inc. "We have demonstrated our ability to produce large volumes of cannabis products and combined with our distribution and packaging capabilities, we have been able to successfully deliver that product into the California market."

Further information regarding the revised timeline for expected completion of the Sunniva California Campus and an updated financial outlook for the remainder of fiscal 2019 will be provided in the Q2 2019 Earnings Release.

### **Q2 2019 Earnings Release Date**

The Company plans to release financial results for the second quarter 2019 and provide a corporate update on its Canadian and U.S. operations, after market close on Thursday August 29, 2019.

The Company's executive management will discuss the results during a conference call on Thursday, August 29, 2019 at 5:00 pm Eastern Time / 2:00 pm Pacific Time. To participate in the call please dial 1-800-319-4610, or (604) 638-5340. An audio replay will be available shortly after the call by dialing 1-855-669-9658 or (604) 674-8052 and entering code 3557. The replay will be available for two weeks following the call.

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

To be added to the Sunniva email distribution list please register at [www.sunniva.com/email-alerts](http://www.sunniva.com/email-alerts).

Neither the 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.

### **About Sunniva, Inc.**

Sunniva, through its subsidiaries, is building a vertically integrated cannabis company operating in two of the world's largest legal cannabis markets – California and Canada. In Canada, Sunniva's wholly owned subsidiary Natural Health Services Ltd. operates medical

cannabis clinics that provide educational and clinical services to patients. In California, Sunniva is focused on creating sustainable premium cannabis brands supported by our large-scale, purpose-built cGMP designed greenhouse, extraction facility and our in-house marketing and distribution businesses. We offer a steadfast commitment to safety and quality assurance providing cannabis products free from pesticides, which positions Sunniva in California as a leading provider of safe, high quality, reproducible products at scale.

## **Forward Looking Statements**

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 Sunniva's operations and growth opportunities, the timing of the connection of utilities at the Sunniva California Campus; the reorganization of the project management team and oversight of the Sunniva California Campus; the ability to achieve the anticipated completion timelines due to the engagement of a construction consulting firm; onboarding of genetic material and plants into the Sunniva California Campus in early 2020 ; the preliminary revenue estimate for Q2 2019 and the timing of the release of the Company's results for the second quarter 2019 conference call 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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