



SUNNIVA INC. ANNOUNCES Q1 2018 FINANCIAL RESULTS

VANCOUVER, BC – May 30, 2018 - Sunniva Inc. ("Sunniva" or the "Company") (CSE:SNN) (OTCQX:SNNVF), a North American provider of cannabis products and services, today released its financial results and management's discussion and analysis for the three months ended March 31, 2018. All figures are reported in Canadian dollars (\$). Sunniva's financial statements are prepared in accordance with International Financial Reporting Standards.

Message from the CEO

"We are pleased with our Q1 2018 revenue results from our two operating entities, Natural Health Services and Full-Scale Distributors. We are seeing strong momentum in both NHS and FSD in 2018, and these operations will compliment our manufacturing businesses currently being developed in California and British Columbia. We are continuing to build our capabilities in all areas, to meet anticipated Canadian and US demand," said Dr. Anthony Holler, CEO, Sunniva. "The completion of our \$27.8 million bought deal public offering, securing all the necessary State of California temporary licenses for Phase one and two for our purpose built state-of-the-art greenhouse cultivation facilities in California, and our recent Confirmation of Readiness from Health Canada, site selection and commencement of construction on our Canadian facility demonstrates our ability to progress our business plan and corporate objectives."

Financial Highlights – Three Months Ended March 31, 2018

Consolidated Financial Highlights Expressed in 000's of CDN\$, except per share amounts

	Three Months Ended March 31,		
	2018	2017	Change
Revenue	5,164	2,374	2,790
Cost of Goods Sold	3,071	1,159	1,912
Gross Margin	2,093	1,215	878
Selling, General and Administrative	5,557	1,715	3,842
Share-based Payments	2,169	-	2,169
Amortization Expense	702	441	261
Loss from Operations	(6,335)	(941)	(5,394)
Net Loss	(6,268)	(962)	(5,306)
Basic Loss Per Share	(\$0.23)	(\$0.04)	(\$0.19)
Weighted Average Number of Shares	27,399,250	22,347,325	5,051,925

Operating Highlights - Three Months Ended March 31, 2018

Key operating highlights for the Company for the period included:

- On January 10, 2018, the Company began trading its common shares ("Common Shares") on the Canadian Securities Exchange under the symbol "SNN". On February 15, 2018 the Company began trading its Common Shares on the OTCQX Market, operated by OTC Markets Group, under the symbol "SNNVF".

- On February 15, 2018, the Company repaid the secured convertible promissory note (the "FSD note") related to the acquisition of Full-Scale Distributors, LLC ("FSD") in cash of \$2.8 million (US\$2.2 million), plus accrued interest, and the remaining portion through the issuance of Common Shares at the conversion price of US\$2.55 per share.
- On February 21, 2018 Sunniva Medical Inc. ("SMI") and Canopy Growth Corporation ("Canopy Growth") entered into a take or pay supply agreement. Under the terms of the initial two-year agreement, which includes the distribution of Sunniva branded products, Canopy Growth will purchase approximately 45% of SMI's annual production capacity; representing 45,000 kgs of dried cannabis annually, commencing Q1 2019 or shortly thereafter. The Company and Canopy Growth will share in the revenues as product is sold through Canopy Growth's distribution network including its online marketplace, Tweed Main Street and via provincial distribution channels. The revenue share will be based on the strain, sales channel and other relevant factors. The agreement is subject to SMI receiving its license from Health Canada, which SMI has received its Confirmation of Readiness, and completing the Sunniva Canada Campus (defined below).
- On March 27, 2018 the Company completed a bought deal public offering for aggregate gross proceeds of \$27.8 million. A total of 2,850,900 units ("Units") and 50,000 Warrants (as defined below) were sold at a price of \$9.75 per Unit and \$0.02 per Warrant. Each Unit consisted of one Common Share in the capital of the Company and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant") of the Company. Each Warrant entitles the holder thereof to acquire one Common Share at an exercise price per Common Share of \$12.50 for a period of 24 months.

Results of Operations – Three Months Ended March 31, 2018

During the period ended March 31, 2018, the Company generated \$5.2 million in revenue from its two subsidiaries, Natural Health Service Ltd. ("NHS") and FSD, which contributed \$2.7 million and \$2.5 million, respectively. Net loss for the period ended March 31, 2018 was \$6.3 million as compared to \$1.0 million during the period ended March 31, 2017.

The key components contributing to the change in net loss from the three months ended March 31, 2018 compared to the three months ended March 31, 2017 comprise the following:

- Revenue increased from \$2.4 million to \$5.2 million due to NHS and FSD being acquired mid-way through the comparative period ended March 31, 2017 and stronger Q1 2018 results from FSD.
- Costs of goods sold increased from \$1.2 million to \$3.1 million resulting from the increase in revenue.
- Gross margin increased from \$1.2 million to \$2.1 million due to the increase in revenue. On a percentage-basis, gross margin decreased from 51% to 41% due to the higher proportion of FSD sales, which realize lower margins than NHS.
- Selling, general and administration expenses increased from \$1.7 million to \$5.6 million due to NHS and FSD operating for the full three-month period in 2018 and the Company's overall growth.
- Share-based payment expense increased from \$nil to \$2.2 million with the introduction of the Company's stock option plan mid-way through fiscal 2017.
- The Company realized a non-cash gain of \$1.0 million on settlement of the FSD note.
- Fair value changes in derivative instruments due to the revaluation of secured convertible promissory notes and warrants increased from an expense of \$0.1 million to \$0.9 million due to the increase in the Company's share price.
- Amortization and depreciation expense increased from \$0.4 million to \$0.7 million due to NHS and FSD operating for the full three-month period in 2018.

Recent Operating Developments Subsequent to March 31, 2018

For a comprehensive overview of Sunniva's recent developments, please refer to the Company's Management's Discussion and Analysis of the Financial Condition and Results of Operations for the Three Months Ended March 31, 2018. Highlights include the following:

- Sunniva's US subsidiaries received all the necessary State of California temporary licenses for Phase one and two of construction at its purpose built state-of-the-art greenhouse cultivation facilities in Cathedral City, California (the "Sunniva California Campus").
- The Company selected the location to build its Sunniva Canada Campus in Okanagan Falls, British Columbia (the "Sunniva Canada Campus"). The Company's wholly-owned subsidiary, SMI, has entered into a purchase and sale agreement to acquire the entire 126-acre industrial zoned property for a purchase price of \$7 million. Closing is expected to occur on or about June 15, 2018. SMI has received development approval from the Regional District of Okanagan-Similkameen for construction of the Sunniva Canada Campus.
- SMI received the Confirmation of Readiness for a license under the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR") from Health Canada This represents acceptance of our detailed application with the next step being an inspection upon site readiness in order to commence cultivation.

Copies of our interim financial statements for the three months ended March 31, 2018 and related management's discussion and analysis of financial results are available on SEDAR at www.sedar.com.

About Sunniva Inc.

Sunniva, through its subsidiaries, is a vertically integrated medical 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. Our vision is to become the lowest cost, highest quality cannabis producer in the markets we serve by building large scale purpose-built greenhouses, offering better quality assurance with cannabis products free from pesticides, providing better patient and doctor 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.

Sunniva operates through its wholly owned subsidiaries:

Sunniva Medical Inc. ("SMI") – SMI is building the Sunniva Canada Campus, a 740,000 square feet of purpose-built greenhouse facilities located in British Columbia. The facility will produce pesticide free products and will convert trim to extracted products such as cannabis oil. The oil can be used for drug delivery formats such as capsules, dissolvable strips, vaporization cartridges, tinctures and creams. Sunniva has commenced grading work on property. As the facility is not complete, revenue and costs are not known, therefore, profitability cannot be assured.

CP Logistics, LLC ("CPL") – Through CPL, Sunniva has commenced construction of the Sunniva California Campus, state-of-the-art, purpose-built greenhouse facilities in Cathedral City, California. The Sunniva California Campus is planned in two phases. Phase 1 is designed to be 325,000 square feet and phase 2 will be 164,000 square feet. At this facility, it is estimated 30% of all product will be used for higher margin extracted products and all products will be produced free from the pesticides commonly used within today's industry. As the facility is not complete, revenue and costs are not known, therefore, profitability cannot be assured.

Natural Health Services Ltd. ("NHS") – NHS owns and operates a network of 7 clinics in Canada specializing in medical cannabis under ACMPR. NHS connects patients with safe and effective medical cannabis products through Licensed Producers ("LPs"). NHS has in-house physicians and nurse practitioners specializing in the endocannabinoid system providing expert consultation, education, and recommendations for patients. NHS' proprietary technology

infrastructure assists physicians, patients and LPs to comply with the rules of Health Canada. NHS has more than 150,000 active medical documents outstanding and 95,000 active patients.

Full-Scale Distributors, LLC (“FSD”) – FSD, through its brand, Vapor Connoisseur, is a provider of custom, private-label vaporizers and accessories. FSD currently serves the needs of over 80 brands in the North American marketplace. Vapor Connoisseur is recognized for its high quality and innovative vaporization devices. Products are tailored to client needs, ensuring both safety and reliability and FSD will continue to provide these services in coordination with the large supply from both Sunniva Campuses.

For more information please visit: www.sunniva.com

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.

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 and Canopy Growth’s future actions under their supply agreement, the estimated timing of closing the acquisition of the property in Okanagan Falls, British Columbia for the Sunniva Canada Campus, Sunniva’s plan to cultivate, produce and distribute a broad range of solutions focused on patients’ needs and Sunniva’s plans, timing and estimates of production 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. 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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