



## **SUNNIVA ANNOUNCES ACQUISITION OF CALIFORNIA DISTRIBUTION COMPANY TO ALLOW FOR STATE-WIDE DISSEMINATION OF SUNNIVA BRANDED CANNABIS PRODUCTS**

- *LYTR Logistics, LLC to become Sunniva's logistics and technology distribution platform to drive sales from Sunniva's large-scale cannabis production facilities, following the launch of Sunniva branded products commencing Q1 2019*
- *Sunniva acquires highly skilled management and sales team with a retail network of more than 120 licensed retail dispensaries throughout California*
- *Compliant distribution is a vital segment of the highly regulated California cannabis industry with track and trace implementation coming in January 2019. For all movement of cannabis products in California, distributors are subject to additional responsibility for product testing and safety as well as state tax collection*

**VANCOUVER, BC – November 27, 2018** – Sunniva Inc. (“Sunniva” or the “Company”) (CSE: SNN) (OTCQB: SNNVF), today announced the acquisition of 100% of LYTR Logistics, LLC (“LYTR”) (the "Acquisition"), a California-based cannabis distribution company headquartered in San Diego. LYTR's strong leadership and proven ability to effectively execute growth strategies utilizing its distribution capabilities within the cannabis space are the primary drivers of this acquisition. LYTR will play an instrumental role in driving Sunniva's leadership position in California as a truly vertically integrated cannabis company across the entire value chain, from seed to sale.

Kevin V. Wilkerson (CEO) leads the LYTR team and has joined Sunniva as the Chief Operating Officer of Sun CA Holdings, Sunniva's 100% owned California operating subsidiary. Mr. Wilkerson is a Harvard Masters degree graduate and has been a successful entrepreneur in numerous businesses. Kevin has been active in the cannabis space since 2014, providing operations, distribution logistics and technology expertise to the industry. He retired as a Colonel in the US Army after a distinguished 24 year career where he commanded over 4,000 troops and received the Bronze Star. In connection with the acquisition, Mr. Wilkerson will be responsible for all of Sunniva's California operations.

The other co-founders of LYTR have also joined Sunniva in various management roles. Jay Myers will become Vice President of Sales in California and Brad Neeld will become Vice President of Distribution. Mr. Myers has operated in sales within the cannabis space in both Colorado and California since 2012 following a successful executive management, sales/marketing, and leadership career for companies such as West Coast Consulting and Bank of America. Prior to that, he served 12 years as a Navy SEAL. Mr. Neeld was one of the first large-scale commercial cultivators in Colorado before entering distribution in California. His retail relationships and

cultivation knowledge reach far beyond distribution strategies and include scientific aspects of the cannabis core DNA and molecular strain structure.

“Over the last six months, we have evaluated several distribution opportunities to complement our vertical integration strategy with the goal of being able to sell all of the products we produce in our California facilities. Our operations and marketing teams have been working closely with the LTYR team analyzing consumer market data, demand metrics and pricing economics to better define all upcoming Sunniva product lines in preparation of our brand launches commencing in the first quarter of 2019. Kevin and his team are proven distribution, operations and execution specialists and we have the utmost confidence in their distribution capabilities as Sunniva ramps up for large-scale production in 2019 from both of our high-tech greenhouse and extraction facilities,” said Dr. Anthony Holler, CEO of Sunniva. “Over the past quarter, we have been actively manufacturing and stockpiling inventory for our brand launches and we are excited about achieving significant revenue from all our vertical growth opportunities in 2019.”

Kevin Wilkerson, CEO of LTYR Logistics added, "One of the biggest challenges that distribution companies in California are experiencing is getting access to compliant, pesticide-free cannabis products on a large-scale. Compliant cultivation at scale is the quintessential pillar in California for the future success of any brand, distribution company or retail chain. We are very excited to join a preeminent partner like Sunniva that will ensure safe, reproducible, premium-quality cannabis products on a very large scale. After touring both Sunniva’s 325,000 square foot purpose-built cannabis greenhouse and the extraction facility in Cathedral City, we were very impressed with the level of meticulous design and implementation of top tier commercial agriculture technologies and automation. While we had a variety of opportunities available to us, partnering with Sunniva was the most logical choice for our shareholders to take our business to the next level.”

#### **LTYR – Further Information**

- Revenue generating and operating in partnership under a third-party distribution license in Northern California
- LTYR to utilize Sunniva’s existing Cathedral City distribution and delivery license
- Sunniva purchasing a 4,200 sq. ft. proposed distribution facility in Long Beach, CA
- Fully automated sorting, weighing, packaging machines for large-scale distribution
- Additional distribution platform for real-time delivery solutions
- LTYR to be compliant with “track and trace” regulations coming January 2019 to California

#### **LTYR – Transaction Details**

- Binding term sheet signed for the acquisition of 100% of the equity interests of LTYR
- Consideration: 1,861,971 of Sunniva common shares at CAD \$4.26 per share with 620,657 of such shares to be subject to achieving operational milestones
- Expected Closing Date by the end of Q4 2018. Closing is subject to conditions, including negotiation and execution of definitive agreement, receipt of any required approvals, and satisfactory completion of due diligence.

## **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. Our ability to leverage our large-scale, purpose-built cGMP designed greenhouses, offering better quality assurance with cannabis products free from pesticides, uniquely positions Sunniva as a leading supplier of safe, high quality products at scale. Through our strategically positioned cultivation and extraction facilities, we are launching Sunniva branded products in various product categories including flower, pre-rolls, premium concentrates, vape cartridges, edibles and beverages. We will have inhouse compliant distribution and continue to aggressively pursue retail expansion in the near term in California. Sunniva's management and board of directors have a proven track record for creating significant shareholder value both in the healthcare and biotech industries.

This news release includes statements containing certain "forward-looking information" within the meaning of applicable securities law ("forward-looking statements"), including, but not limited to, statements relating to the proposed benefits of the Acquisition and the plans for Sunniva, and statements with respect to the conditions of completing the Acquisition, including negotiating and executing the definitive agreement and regulatory approvals. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

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