

October 8, 2021



## Sunniva Announces Change of Auditor

VANCOUVER, BC, Oct. 8, 2021 /CNW/ - Sunniva Inc. ("Sunniva", the "Company") (CSE: SNN) (OTC Pink Sheets: SNNVF) is pleased to announce that the board of directors of the Company (the "Board") has appointed GreenGrowth, Chartered Professional Accountants ("GreenGrowth"), as the Company's new auditor, replacing MNP LLP ("MNP"), Chartered Professional Accountants. The Company has filed a Notice of Change of Auditor in respect of this change under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company had previously engaged MNP, its historical auditor, to conduct financial statement audits for the years ended December 31, 2019 and 2020. During the course of this audit work, MNP came to the conclusion that it would not be able to obtain audit level comfort concerning a portion of the Company's 2019 revenue and cost of sales related to the business of Full-Scale Distributors, LLC ("FSD"), a US subsidiary of the Company. FSD was a US-based entity that sold accessories to the cannabis and tobacco industries, which was shut down by the Company in Q1 2020.

Due to the deficiency in audit evidence, MNP made the decision that it would not issue an audit opinion for financial statements for the year ended December 31, 2019 (the "Audit Deficiency"). The Company believes that the deficiency in audit evidence was principally due to the passage of time and changing of internal circumstances and resources as it went through the CCAA proceedings, including the loss of past employees; difficulties in dealing with past suppliers in China; customers going out of business; and the inability to access required historical electronic records. MNP resigned from its position as auditor of the Company effective October 4, 2021, the resignation was approved by the Board.

The Company considers the Audit Deficiency, and related communications with MNP, to constitute a "reportable event" as such term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*. The issue was discussed and considered by the Board and with MNP, and MNP has been authorized to discuss the issue with GreenGrowth. MNP has not expressed a modified opinion on any of the Company's other prior financial statements.

The completion and filing of audited financial statements is a condition to the Company returning to good standing and to the lifting of the cease trade order applicable to securities of the Company issued on June 22, 2020, for failure to file certain financial documents (the "Cease Trade Order"). Trading of the Company's shares will continue to be suspended until the Cease Trade Order has been fully revoked. GreenGrowth and the Company are working diligently to prepare audited financial statements for the years ended December 31, 2020 and December 31, 2019.

The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.

**Cautionary Note Regarding Forward-Looking Information or Statements**

*This press release contains forward-looking information or statements. All statements that are, or information which is, not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, the implications of the Audit Deficiency on the Company's ability to complete its necessary filings of financial documents in order to have the Cease Trade Order revoked and the work to complete the audit of the financial statements, are "forward-looking information or statements". Forward-looking information or 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. With respect to forward-looking information and statements contained herein, Sunniva has made numerous assumptions including, among other things, assumptions about general business and economic conditions. Such forward-looking statements are based on assumptions and 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 information or 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 information or 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 information or 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 information or statements. Sunniva assumes no obligation to update any forward-looking information or statements, 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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