

September 13, 2021



Sunniva Announces Update on Audit and Arbitration Matters

VANCOUVER, British Columbia, Sept. 13, 2021 (GLOBE NEWSWIRE) -- Sunniva Inc. ("Sunniva", the "Company") (**CSE:SNN**) (**OTC Pink Sheets:SNNVF**) announces an update regarding work on the audits of the Company's financial statements for the years ended December 31, 2019 and 2020.

After implementation of its Amended and Consolidated Plan of Compromise and Arrangement and its release and discharge from its CCAA proceedings, the Company engaged MNP LLP ("MNP"), its historical auditor, to conduct financial statement audits for the years ended December 31, 2019 and 2020.

Since the engagement of MNP, both the Company and MNP have done a significant amount of work on the 2019 audit and started work on the 2020 audit. During the course of this audit work, MNP has come to the conclusion that it will 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. The Company made the decision to shut down FSD at the end of 2019 and implemented the shut down in Q1 2020.

Due to the deficiency in audit evidence, MNP has made the decision that it will 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 is principally due to the passage of time and changing 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.

The completion 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").

The Company is working with MNP and its legal advisors to consider 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 to analyze options for potential paths forward.

The Company's wholly owned subsidiary, CP Logistics, LLC ("CPL"), continues to be engaged in arbitration with the current owner and landlord of the California glasshouse, Bobs LLC in regards to CPL's rights as tenant under an October 20, 2017 Conditional Build to Suit Lease and a March 2018 Subordinated Non-Disturbance and Attornment Agreement.

The arbitration is being administered by JAMS Arbitration. The parties have agreed upon an arbitration hearing commencement date of June 1, 2022. The hearing is scheduled to proceed for 8 consecutive business days.

All of the securities of Sunniva remain subject to the Cease Trade Order until the Cease Trade Order is fully revoked. In accordance with the policies of the Canadian Securities Exchange (the "CSE"), the CSE will be reviewing the continued listing of the common shares of the Company. Trading of the shares will continue to be suspended until the Cease Trade Order has been fully revoked.

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 options for potential paths forward, the arbitration hearing with Bobs LLC, 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. 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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