

High Fusion Inc. Announces Financial Results for the Fiscal Year Ending July 31, 2021

Toronto, Ontario--(Newsfile Corp. - December 15, 2021) - High Fusion Inc. (**CSE: FUZN**) ("**High Fusion**" or the "**Company**") is pleased to announce its financial results for the fiscal year ended July 31, 2021.

Fiscal 2021 Financial Highlights

- For the year ended, July 31, 2021, revenues from Calyx Brands Inc. ("Calyx") have been categorized as discontinued operations and therefore the reported revenues for 2021 are negligible and only represent the business of Palo Verde LLC ("Palo Verde") which was acquired in March 2021. After closing of the acquisition of Palo Verde there was a change in management of this business and the equipment was recommissioned which caused reduced revenues during the date of acquisition to July 31, 2021.
- With the sale of Calyx, conversion of debentures and settlement of debt undertaken during the year ended July 31, 2021, total liabilities have been more than cut in half from the prior year end to \$13.4 million.
- With the closing of the acquisition of the business of OutCo Labs Inc. ("OutCo") on August 31, 2021, the Company will begin to consolidate the financial results from this business starting in the first quarter ended October 31, 2021. Based on an audit of the business of OutCo included in the Company's business acquisition report filed on December 1, 2021, the business of OutCo had 2020 annual revenues of approximately US\$8.2 million (US\$8.6 million in 2019) and gross profit of US\$2.5 million (US\$2.3 million in 2019).

Business Highlights: Q4 and Subsequent Events

- On June 18, 2021, the Company announced that it entered into a definitive agreement to acquire the business of OutCo. On August 31, 2021, the Company acquired the business of OutCo through the purchase of substantially all the assets associated with the business including: control and management of all licensed entities; intellectual property; equipment and land. Based in San Diego California, the acquired business specializes in manufacturing and retailing premium quality cannabis flower and extract products under the OutCo name.
- Effective September 3, 2021, the Company, in accordance with the previously approved shareholder resolution, completed a consolidation of its common shares on a twenty (20) for one (1) basis. All references to share amounts and share prices herein are on a post-consolidation basis.
- On September 29, 2021, the Company obtained approval from its shareholders to establish a class of multiple voting shares, re-designate its common shares as subordinate voting shares and to change the name of the Company to "High Fusion Inc." The Company name change took effect November 15, 2021, and on November 16, 2021, the subordinate voting shares under the High Fusion name commenced trading on the Canadian Securities Exchange.
- On November 24, 2021, the Company announced that it received recreational licenses for both of its retail facilities located in Southern California.

Corporate Strategy

High Fusion is focused on identifying, acquiring and developing high-value products and brands for its cannabis infused edibles and oil extracts product lines sold into the medical and adult recreational

markets.

The Company plans to adopt a focused approach to the production of branded product in the California market, which is expected to include acquisitions of, or partnerships with existing well-run businesses in the State. With the closing of the acquisition of the business of OutCo, the Company now controls a vertically integrated cannabis business through three licensed affiliates specializing in manufacturing and retailing premium quality cannabis flower and high margin extract products. These products include award-winning vape cartridges, tinctures, topicals, capsules and flower products which are sold under in-house brands through wholly owned retail stores and third party dispensary clients throughout California.

High Fusion's high-value product and brand manufacturing strategy has been successful in Colorado where the Company worked with Palo Verde, to grow the FLI™ branded products. With the closing of the acquisition of Palo Verde, the Company expects to increase its investment in Colorado and expand the Palo Verde operations in the Colorado market.

Further, High Fusion plans to leverage its investment in Oregon through the relaunch of its manufacturing operations in the state and seek strategic partnerships and/or acquisitions to grow this business.

The Company has taken steps to broaden its focus to encompass research and development of non-cannabis, plant-based products through the acquisition of Neural Therapeutics in August 2020. Further to the press release November 19, 2021, the Company intends to spin-out Neural Therapeutics and raise capital for the business going forward.

"It has been a very exciting year for the Company as we took further steps in our restructuring and successfully closed a key acquisition of the business of OutCo. Within three months of closing the acquisition both licenced dispensaries gained approval for recreational sales," stated John Durfy, CEO of High Fusion. "As we move towards completing the clean-up and recapitalization of our balance sheet we are very excited about the growth opportunities in California, Colorado and Oregon."

Update on Management Cease Trade Order

As a result of a delay in the completion of the audit of the financial statements for the year ended July 31, 2021, on December 3, 2021, the Ontario Securities Commission (the "**OSC**") issued a Failure-to-File Cease Trade Order against the Company (the "**FFCTO**"). Under National Policy 11-207 the filings of the financial statements, associated management's discussion and analysis and applicable certifications will automatically initiate a review process by the OSC, without any application by the Company. Following such review, the Company expects the FFCTO would be revoked by the OSC shortly thereafter. The Company confirms there has been no material change to the information relating to the Company's delay in filing the Audited Financial Statements since its news release on December 6, 2021, that has not been disclosed.

About High Fusion Inc.

High Fusion Inc. (formerly Nutritional High International Inc.) is focused on developing and manufacturing branded products in the cannabis industry with a specific focus on flower, pro-rolls, vapes, edibles and oil extracts for medical and adult recreational use. The Company operates and controls licenses in California, Colorado and Oregon.

High Fusion has manufacturing, retail and grow operations in California through its acquisition of the business of OutCo and owns and operates oil extraction and edible manufacturing facilities in Colorado and Oregon. The Company's brand portfolio includes its award winning FLI™ edibles and vape product, along with a number of new brands including Red Octopus and Dubbi Brothers in addition to the OutCo and Thrive brands recently acquired.

Neural Therapeutics Inc. is a wholly-owned subsidiary of High Fusion focused on ethnobotanical drug-discovery and development company. Neural Therapeutics is focused on developing products and

conducting research on the psychoactive cacti plants with the primary objective to find where the historical use in traditional medicine has proven to be effective and capitalize on the opportunities that can be applied in modern medical and natural health product markets.

For updates on the Company's activities and highlights of the Company's press releases and other media coverage, please visit www.high-fusion.com.

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Caution Regarding Forward-Looking Information:

NEITHER THE CANADIAN SECURITIES EXCHANGE NOR OTC MARKETS GROUP INC., NOR THEIR REGULATIONS SERVICES PROVIDERS HAVE REVIEWED OR ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

This news release may contain forward-looking statements and information based on current expectations. These statements include statements regarding: acquisitions of, or partnerships with existing well-run businesses in California, its expectation to increase its investment in Colorado and expand its Palo Verde operations in the Colorado market. plans to leverage the Company's investment in Oregon through the relaunch of its manufacturing operations in the state and seek strategic partnerships and/or acquisitions to grow this business, the timing and ability to complete the Neural Therapeutics spin-out. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to: the ability of the Company to successfully execute its business plans; legal changes relating to the cannabis and psychedelic industries proceeding as anticipated; and the Company's continued response and ability to navigate the COVID-19 pandemic being consistent with, or better than, its ability and response to date.

*The Company's securities have not been registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. Persons", as such term is defined in Regulation S under the U.S. Securities Act, absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful.*

Additionally, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the actual results of the Company's future operations; competition; changes in legislation affecting the Company; obtaining and maintaining regulatory approvals including acquiring and renewing U.S. state, local or other licenses, the uncertainty of existing protection from U.S. federal or other prosecution, regulatory or political change such as changes in applicable laws and regulations,

including U.S. state-law legalization, market and general economic conditions of the cannabis sector or otherwise; the timing and availability of external financing on acceptable terms; lack of qualified, skilled labour or loss of key individuals; risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession; and a deterioration of financial markets that could limit the Company's ability to obtain external financing.

A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company's disclosure documents on the SEDAR website at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking information contained in this press release is expressly qualified by this cautionary statement. The forward-looking information contained in this press release represents the expectations of the Company as of the date of this press release and, accordingly, are subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.



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