

Vertical Peak Announces LOI to Sell California Operation and Board of Director Change

Vancouver, British Columbia--(Newsfile Corp. - August 17, 2023) - Vertical Peak Holdings Inc. (CSE: MJMJ) (OTC PINK: SPLIF) (formerly High Fusion Inc.) ("**Vertical Peak**" or the "**Corporation**") wishes to announce that it has entered into binding letter of intent ("**LOI**") dated August 9, 2023 to sell all its California operations ("**Transaction**") to Downwind Holdings Inc. ("**DHI**").

Transaction Overview

Pursuant to the terms of the LOI, DHI agreed to acquire from Vertical Peak all assets relating to the business carried out by Vertical Peak in the State of California ("**Purchased Business**"), comprised mainly of the management service agreements ("**MSAs**") between Nutritional High LLC ("**NHLLC**") and Downwind 27 Inc. ("**D27**") and San Diego Natural Inc. ("**SDN**") and the related assets which are owned by NHLLC and used by D27 and SDN to carry out their respective cannabis businesses.

In connection with the Transaction, the DHI agreed to assume certain financial obligations associated with the Purchased Business, which include, but not limited to outstanding tax obligations of the Purchased Business and certain secured debts of Vertical Peak estimated at approximately CAD \$23.3 million ("**Assumed Obligations**"). The parties agreed to enter into definitive agreement ("**Definitive Agreement**") on or before September 9, 2023, which will set out, among other things, further details of the Assumed Obligations and other material terms of the Transaction. In connection with the Transaction, the parties agreed to take steps to terminate MJ Direct Licensing Agreement ("**MJD Agreement**") that is more specifically described in the press release dated February 23, 2023, which termination shall include for the redemption by Vertical Peak of 6,750,000 multiple voting shares in the capital of Vertical Peak that was issued to MJ Direct Inc., in connection with the MJD Agreement. Pursuant to the terms of the LOI, DHI agreed to provide Vertical Peak with a deposit of US \$50,000 ("**Deposit**") which shall be applied against the purchase price of the Purchased Business, which shall otherwise be considered nominal, other than the assumption of the Assumed Obligations. Total aggregate net purchase price including the Deposit and Assumed Obligation, net of the assets attributed to the Purchased Business is estimate at approximately CAD \$12.3 million ("**Purchase Price**").

DHI is a private corporation incorporated pursuant to the laws of the State of California that is 100% owned by Samuel Austin Birch, a director of Vertical Peak and a principal of the Purchased Business. As a result, DHI is "related person" of Vertical Peak and the Transaction contemplated by the LOI constitutes a "related party transaction", as such term is defined in Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("**MI 61-101**") and the closing of the Transaction is subject to the Company's satisfaction of the requirements set out in MI 61-101. Accordingly, pursuant to MI 61-101, the Transaction is subject to the minority shareholder approval among other things. Pursuant to the minority shareholder approval requirements of MI 61-101, the votes attached to shares of Vertical Peak held by Mr. Birch will be excluded from voting on the Transaction.

Further information regarding the Transaction will be provided in subsequent news releases and other materials, which will be filed on SEDAR+ in accordance with applicable securities legislation. Shareholders are cautioned that final details of the Transaction are subject to change and that there is no certainty that the Transaction will be completed as currently proposed or at all. No finder's fees are payable in connection with the Transaction.

Investment in securities of Vertical Peak should be considered highly speculative and prospective investors should consult their advisors prior to making any investment decisions.

Following the completion of the Transaction, Vertical Peak will continue to own certain assets, including without limitation, the real estate property in La Pine, Oregon and an equity interest in Neural

Therapeutics. Inc., an unlisted reporting issuer focused on drug discovery and development. Vertical Peak intends to continue seeking strategic alternatives to maximize shareholder value.

Board Change

Vertical Peak also wishes to announce resignation of John Durfy as a director of Vertical Peak. The board and management of Vertical Peak express their gratitude to Mr. Durfy for his efforts and contributions and wish him well in his future endeavours.

About Vertical Peak Holdings Inc.

Vertical Peak Holdings Inc. is focused on developing and manufacturing branded products in the cannabis industry with a specific focus on flower, pre-rolls, vapes, edibles and oil extracts for medical and adult recreational use. Vertical Peak operates and controls licenses in California, which include manufacturing, retail and cultivation operations in California. Vertical Peak's main portfolio includes the OutCo and Thrive brands that it has acquired in 2021 pursuant to the acquisition of business of OutCo.

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

For further information, please contact:

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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: the sale of Corporation's business and the timing of receiving certain regulatory approvals and the completion of the Transaction, estimates of the Purchase Price and Assumed Liabilities, timing of termination of MJD Agreement. 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 Corporation's current beliefs and is based on information currently available to the Corporation and on assumptions the Corporation believes are reasonable. These assumptions include, but are not limited to: the ability of the Corporation to obtain all required approvals, the ability of the Corporation to successfully execute its business plans and legal changes relating to the cannabis industry proceeding as anticipated.

*The Corporation'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 Corporation'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 Corporation's future operations; competition; changes in legislation affecting the Corporation; 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 labor or loss of key individuals; disruptions to markets, economic activity, financing, supply chains and sales channels; deterioration of general economic conditions including a possible national or global recession; and a deterioration of financial markets that could limit the Corporation'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 Corporation's disclosure documents on the SEDAR website at www.sedar.com. Although the Corporation 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.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/177583>