



NUTRITIONAL HIGH ANNOUNCES FINANCIAL RESULTS FOR 2018 FISCAL YEAR

Record growth of 586% in Total Revenue and 147% vs. prior quarter in Cannabis Sales

TORONTO, Ontario – November 29, 2018 – Nutritional High International Inc. (“**Nutritional High**” or the “**Company**”) (CSE: EAT, OTCQB: SPLIF, FRANKFURT: 2NU) announces today its financial and business results and wishes to provide highlights and comments on the results for the fourth quarter and fiscal year ended July 31, 2018.

| | <u>Fiscal 2018</u> | <u>Fiscal 2017</u> | <u>Change</u> | <u>Q4 2018</u> | <u>Q3 2018</u> | <u>Change</u> |
|-----------------------------------|--------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | \$5,815 | \$0 | \$5,815 | \$4,140 | \$1,674 | \$2,466 |
| COGS | \$5,051 | \$0 | \$5,051 | \$3,705 | \$1,347 | \$2,358 |
| Gross Profit | \$763 | \$0 | \$763 | \$436 | \$328 | \$108 |
| <i>Gross Margin %</i> | <i>13.1%</i> | <i>0.0%</i> | <i>N/A</i> | <i>10.5%</i> | <i>19.6%</i> | <i>-9.0%</i> |
| Lease and Interest Revenue* | \$44 | \$855 | -\$810 | -\$965 | \$366 | -\$1,332 |
| Operating Expenses | \$9,766 | \$5,809 | \$3,956 | \$3,490 | \$2,689 | \$801 |
| Other Income (Loss) | -\$931 | -\$51 | -\$880 | -\$24 | -\$277 | \$253 |
| Net and Comprehensive Loss | -\$9,850 | -\$4,949 | -\$4,901 | -\$3,958 | -\$2,397 | -\$1,561 |
| Earnings/(Loss) per Share | -\$0.036 | -\$0.022 | -\$0.014 | -\$0.015 | -\$0.009 | -\$0.005 |

All Figures in Thousands CAD, unless otherwise stated

**Historically, revenue was derived from lease and interest income; beginning fiscal Q3 2018, the Company started to earn revenue from Cannabis sales in the State of California*

Fiscal 2018 Financial Highlights:

- Revenue
 - **\$5.8 million** from the sale of Cannabis related products (edibles, concentrates and flower) in California via its wholly owned distributor, Calyx Brands Inc. (“**Calyx**”) between March 15, 2018 and fiscal year ended July 31, 2018
 - This represents an annualized revenue run rate of **\$15.5 million**
 - Total revenue (cannabis sales, and lease and interest revenue) of **\$5.9 million**, representing a record increase of **586%** over 2017
- Gross margin of 13.1%, indicating cost of goods sold of \$5.1 million including costs of product purchase, direct labour related to products sales and an allocation of overhead directly attributable to product sales
- Lease and Interest Revenue decrease of \$0.8 million over 2017
- Total operating expenses of \$9.8 million, an increase of \$4.0 million over 2017 driven by acquisition and project evaluation costs, increased advertising and marketing and Calyx operating costs

Q4 2018 Financial Highlights:

- Revenue from Cannabis sales of **\$4.1 million**, up **147%** compared to Q3 2018
- Gross profit of \$0.4 million, up **33%** compared to Q3 2018, indicating cost of goods sold of \$3.7 million including costs of product purchase, direct labour related to products sales and an allocation of overhead directly attributable to product sales
- Gross margin of 10.5%, a decrease from 19.6% in Q3 2018, mainly due to an increase in personnel and direct labour at Calyx as part of scaling up its distribution infrastructure
- Lease and Interest Revenue decrease of \$1.3 million over Q3
- Total operating expenses of \$3.5 million, an increase of \$0.8 million over Q3

Business Highlights: Fiscal 2018 and Subsequent

- In Fiscal 2018 and subsequently, Nutritional High has achieved ***significant milestones in the development and sale of consumer focused products*** under its in-house flagship FLI brand, including:
 - Introduced its first consumer focused concentrates via Palo Verde's launch of FLI Vape Cartridges and Syringes in Colorado
 - Assisted Palo Verde in commencing the manufacture and sales of FLI Chocolate Bars in Colorado, extending its portfolio into cannabis-infused edibles
 - Furthered its innovation with FLI branded Chocolate Shot and Space Joint (infused pre-rolls)
 - Launched FLI branded Mini Mints to target one of the fastest growing edible segments in California. With a compact nature and creative flavor profile, it is expected to garner significant market response and a solid consumer experience
 - Made significant progress on its proprietary Dab Stick technology; its first shipment is due to be received from the Company's manufacturing partner, for filling and sale in short order
- In March 2018, the Company acquired all of the assets of Calyx Brands Inc. ("Calyx"), a leading distributor of cannabis and cannabis derived products in California. Calyx has ***grown significantly under Nutritional High's leadership, solidifying its position among the largest distributors in the California cannabis market***. The Company achieved its first revenue milestone from cannabis sales in excess of US \$1.0 million in April 2018 and recognized revenue in excess of US \$4.5 million for fiscal 2018. Calyx continues to rapidly expand on its California-wide distribution strategy, servicing 450+ licensed dispensaries with 14+ of the market leading brands in edibles, concentrates and flower. Management fully expects the growth trajectory of its revenue and market reach to continue in subsequent quarters and is heavily focused in Calyx' distribution infrastructure to maximize efficiencies as it scales forward.
- In July 2018, the Company acquired Pasa Verde LLC, operator of FLI Labs NorCal, a cannabis extraction and manufacturing facility located in Sacramento, California. FLI Labs NorCal commenced operations in late September 2018 and has been ramping up production as the Company undertakes a build-out to expand its production capability. Various FLI branded edibles and concentrates, along with JMEDS lozenges and sugar free mints, are being produced at FLI Labs NorCal and supplied to Calyx. With the acquisition, the Company has ***successfully created a robust vertical integration in manufacturing and distribution in the largest Cannabis market in the world***, enabling a much higher velocity of innovation, production and market penetration for the Company's flagship FLI brand and other Nutritional High partner brands.

- The Company has further **expanded its west coast manufacturing reach** with the commencement of production in its La Pine facility in Oregon ("La Pine"), starting November 2018. La Pine is currently producing various in-house FLI branded SKUs including vape cartridges and syringes and is working with a leading distributor in the Oregon market to drive sales and distribution State wide.
- The company has an **aggressive expansion plan in the Colorado market** via its FLI brand licensing agreement with Palo Verde LLC ("Palo Verde"), a Licensed Operator in Colorado. Palo Verde has recently secured regulatory approval to expand its production line and commence supplying the medical market. Palo Verde is now in the process of expanding its in-house sales and distribution team from ground up to secure state-wide market reach in both the recreational and medical cannabis space.
- In September 2018, the Company entered into a formal Membership Interest Purchase Agreement ("MIPA") to acquire 75% of Nevada based Green Therapeutics LLC ("Green Therapeutics"). Green Therapeutics is one of Nevada's premier innovators and established producer/processors, owns multiple cultivation and production licenses and facilities, and offers a range of products including ultra-premium flower, extracts, vape cartridges and topical products under its leading brands - Tsunami, Provisions and GT Flowers. This acquisition will create significant market advantages for Nutritional High, including but not limited to:
 - **Synergies in Brand and Intellectual Property** enabling proliferation of FLI brand in Nevada and commercialization of Tsunami and Provisions in California, Colorado, Oregon, Washington and other states
 - Potential for the Company to achieve **full vertical integration in the critical Nevada market**; Green Therapeutics has applied for retail licenses in multiple locations state wide.
- The Company has also taken multiple steps to **bolster its cash position through the monetization of non-core assets and securing strategic financing**:
 - Sale of 50% membership interest in NH Medicinal Dispensaries LLC, operating as The Clinic Effingham ("TCE") in Effingham, Illinois, to its joint venture partner ILDISP, LLC ("ILDISP") for a purchase price of US \$3.5 million in cash
 - Sale of its 9000 square foot real estate property located in Sacramento, California (the "Luther Property"), for gross proceeds of US \$1.4 million
 - Sale and leaseback of approximately US \$1.2 million worth of equipment at its FLI Labs NorCal Facility and its La Pine, Oregon, facility.
- The Company entered into an asset purchase and patent licensing agreement with Bright Green Lights LLC ("JMEDS") in November 2018, a pioneer of "micro dosed" infused products. The acquisition will enable the company to **expand its California product portfolio into Lozenges and Sugar Free Mints** with a brand that has already secured its reputation as one of the category leaders, and leverage its pre-existing vertically integrated network to expand JMEDS' market share state wide. It will also eventually be available in other states where the Company operates.
- In May 2018, Nutritional High and Xanthic Biopharma Inc. ("Xanthic") entered into a binding letter of intent for the production and distribution of Xanthic's patent pending water-soluble cannabis-infused powders in California, via FLI Labs NorCal and Calyx. This **allows future entry for the Company into the cannabis beverage market**, which has demonstrated a robust growth trend in California, Colorado, Washington and Oregon and is expected to persist in the future.

- In May 2018, the Company and NeutriSci International Inc. ("NeutriSci"), the innovator and pioneer behind Neuenergy®, entered into a binding Memorandum of Understanding to develop, manufacture and distribute THC and CBD infused sublingual tablets utilizing NeutriSci's patent pending technology, proprietary ingredients and formulations. The partnership with NeutriSci broadens the Company's **future product portfolio to include a very innovative and effective cannabis energy product**; today, Neuenergy® is a revolutionary energy tablet designed to deliver enhanced focus and mental clarity with no sugar, no calories and no crash associated with typical energy products.
- Nutritional High continues to focus on **strategic acquisitions and/or partnerships that are synergistic with existing assets**. The company has aggressive expansion plans in Washington and Canada. The company has also formed an international joint venture with Aura Health Inc. ("Aura") with the goal of taking the Company's extraction and edibles technology and products to European and Israeli markets.

Jim Frazier, Nutritional High's CEO, commented as follows: "We have achieved significant milestones this past year - 2018 has been a year of laying important groundwork and architecture for the future. Having cut our teeth in Colorado in working with Palo Verde, we have secured a significant base of operations in California. With Calyx's distribution reach, along with FLI Labs NorCal's production capabilities, we are working toward an exciting year ahead in the largest Cannabis market in the world. With the Green Therapeutics acquisition in Nevada slated for 2019, we will add significant reach in an important tourist market, and add strong innovation talent to our team which we will leverage throughout the US."

Adam Szweras, founder and Co-Chair of the Board commented: "This past year has been transformational for the Company. We been successfully executing on a strategic plan carefully put in place to focus on our strengths – cannabis extraction and infused product manufacturing. To this end, we have added strong distribution capabilities which we expect to leverage throughout the United States. As we build our team and firm up our base of operations in the western United States, we will look north to Canada, and ultimately to the US eastern seaboard. 2019 will be an exciting year ahead!"

A comprehensive discussion of Nutritional High's financials and operations are provided in the Company's Management's Discussion & Analysis ("**MD&A**") and Financial Statements which are filed on [SEDAR](http://www.sedar.com) at www.sedar.com

About Nutritional High International Inc.

Nutritional High is focused on developing, manufacturing and distributing products under recognized brands in the cannabis products industry, with a specific focus on edibles and oil extracts for medical and adult recreational use. The Company works exclusively with licensed facilities in jurisdictions where such activity is permitted and regulated by state law.

The Company follows a vertically integrated model with a fully developed strategy for acquisitions in extraction, production, sales, and distribution sectors of the cannabis industry. Nutritional High has brought its flagship FLI™ edibles and extracts product line from production to market through its wholly owned subsidiaries in California and Oregon, as well as Colorado where its FLI™ products are manufactured by a third-party licensed producer. In California, the Company distributes its products and products manufactured by other leading producers through its wholly owned distributor Calyx Brands Inc. and is entering the Nevada, Washington State and Canadian markets in the near future.

For updates on the Company's activities and highlights of the Company's press releases and other media coverage, please follow Nutritional High on [Facebook](#), [Twitter](#), [Instagram](#) and [Google+](#) or visit www.nutritionalhigh.com.

For further information, please contact:

David Posner

Co-Chairman of the Board

Nutritional High International Inc.

647-985-6727

Email: dposner@nutritionalhigh.com

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