

Nutritional High Announces Financial Results for 2019 Fiscal Year End

2019 Cannabis Sales of \$23.6 million, year over year growth of 306%

TORONTO, Nov. 29, 2019 -- Nutritional High International Inc. ("**Nutritional High**" or the "**Company**") (CSE: EAT, OTCQB: SPLIF) is pleased to announce its financial and business results and wishes to provide highlights and commentary on the results for financial year ended July 31, 2019.

	FY 2019	FY 2018	Change
Revenue	\$ 23,608	\$ 5,815	\$ 17,794
COGS	\$ 18,127	\$ 5,051	\$ 13,076
Gross Profit	\$ 5,481	\$ 763	\$ 4,718
<i>Gross Margin %</i>	23.2%	13.1%	10.1%
Lease and Interest Revenue*	\$ 119	\$ 44	\$ 75
Operating Expenses	\$ 25,949	\$ 9,766	\$ 16,183
Other Income (Loss)	\$ -6,203	\$ -931	\$ -5,272
Net and Comprehensive Income/(Loss)	\$ -27,358	\$ -9,850	\$ -17,509
Earnings/(Loss) per Share	\$ -0.09	\$ -0.04	\$ -0.052

All Figures in Thousands CAD, unless otherwise stated

Green Therapeutics (Nevada) and Palo Verde (Colorado) financials are not consolidated in these results

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

Fiscal 2019 Financial Highlights:

- Revenue
 - **\$23.6 million** from the sale of Cannabis related products primarily via its wholly owned distributor in California, Calyx Brands Inc. ("Calyx").
 - Represents a year over year increase of **306%**.
 - In the coming months, management fully expects to continue revenue growth from Calyx, while at the same time being able to consolidate revenue and financials from Green Therapeutics and directly enter the Colorado market.
- Gross Profit of **23.2%**, indicating cost of goods sold of \$18.1 million including costs of product purchase, direct labor related to products sales and an allocation of overhead directly attributable to product sales. Margin improvement of **10.1%** year over year.
- Operating expenses of \$25.9 million, an increase of **\$16.2 million** from prior year mainly attributed to the Company's business and operations expansion. Key drivers are :
 - Salaries, benefits and consulting fee: **\$8.4 million**. The increase primarily comes from salaries and consulting fees in business acquisitions and operations in Calyx, Pasa Verde and Oregon as well as costs related to hiring and recruiting additional members to senior corporate management and several strategic advisors.
 - General and administrative expenses: **\$2.8 million**. This is mainly due to operations from Calyx and Pasa Verde, which were acquired in the third and fourth quarters of 2018 respectively.
 - Sales, Marketing and Promotion: **\$1.1 million**., primarily related to increased promotion in Calyx.
 - Depreciation and amortization: **\$1.8 million**, related to the acquisition of capital assets and intangible assets from Calyx and Pasa Verde in the prior year.
 - All Other items **\$2.1 million**, mainly composing of Q3 reserve on inventory partially offset by decrease in acquisitions and project evaluation costs.
- Other Income loss of (\$6.2) million in 2019, a change of **(\$5.2) million** versus the prior year. In Fiscal 2019, the Company recorded the following **key one-time/non-recurring items**
 - TCE **\$3.6 million**: Q1 2019 gain on sale of interest in The Clinic Effingham in Illinois
 - Pasa Verde LLC **(\$2.4) million**: Mainly Q3 non-cash impairment loss of existing intangible assets and goodwill due to loss of authorization for cannabis manufacturing at Pasa Verde LLC ("Pasa Verde") in February 2019 and a decision of the Company to apply for new local and state licenses, offset by decrease in consideration payable in connection with the license cancellation and settlement agreement with the previous owner of Pasa Verde.
 - Marley License and Trademark **(\$5.2) million**: The Company's strategy has shifted to a focused ramp up of its manufacturing business in California, Nevada and Colorado. Additionally, management assessed that due to the changes to the market and increasing competitive pressures in Oregon and Washington, the marketability of the licensed Marley products is uncertain. As such the Company has determined to write off the associated assignment of

license and trademark.

Excluding the above, financing costs, foreign exchange gain/loss, unrealized changes in fair value of derivative liability relating to the Company's convertible debentures and all other items, totaled another (\$1.2) million.

Corporate Strategy Update

In the past year, Nutritional High has evolved and organized as two distinct lines of business – distribution and manufacturing. The Company's distribution business, Calyx Brands, is based in California and has rapidly expanded its footprint in the past year to serve over 600 dispensaries in the State. Nutritional High's manufacturing business started in Colorado with Palo Verde LLC and is looking to expand into Nevada, California. The Company has successfully leveraged both manufacturing and distribution for its own FLI™ branded product and is pursuing opportunities to do the same for other brands.

We believe it is important to have ambitious goals to match the potential of this industry, and believe we have the right people and partnerships to push in place to push the Company to the next level and beyond.

Nutritional High entered the distribution business in March 2018 with the acquisition of Calyx Brands. Since this time, Calyx has grown distribution revenues by 368% year over year and has become a leading distributor of edibles in California. The Calyx platform is unique in that it provides distribution and fulfillment supported by a strong sales and product support model. This model has resulted in significant success with the top brands in the market and continues with four new brands being onboarded in the fourth quarter alone.

In pace with the evolution of the California market, Calyx will be introducing a hybrid model for distribution where client brands can select the level of service required for each product on an à la carte basis. Through this new service model, brand partners will have the option of selecting some or all of the following services: Core Fulfillment Services (Transportation, Warehousing, Delivery and Order Management), Optional Fulfillment Services (Title Possession and Working Capital/AR Factoring) and Enhanced Services (Field Sales and Inside Sales, Stock Out Management, Retail Merchandizing and Brand Ambassadors, Data and Analytics services). This new model positions Calyx to remain the preferred distribution partner for brands at every stage of their growth cycle.

Palo Verde, the Company's Colorado tenant, who utilizes the Nutritional High's knowhow and branding has established a solid and growing foothold in Colorado. Palo Verde has been expanding its sales team in Colorado and continue to improve its operations and processes. In a market that is often described as "saturated", the FLI™ products have seen rapid sales growth in 2019. FLI™ products are produced in Colorado by Palo Verde, an independent third-party processor licensed by the State, and whose revenues have not been consolidated in the Company's financials. Recent regulatory changes in the State have paved the way for publicly traded companies to own the means of cannabis production and NHI is looking forward to additional ease of access to the market as a result of these changes. Palo Verde remains focused on revenue growth and developing new product categories for recreational and medical markets.

In California, Nutritional High will commence manufacturing operations upon completion and licensing of its Sacramento facility. The focus will be on the development and execution of a new in-house brand in the wellness category and one that is not directly competitive to the third-party brands that are commercialized through Calyx. There will also be an opportunity to white label for the California market, enhancing facility economics and throughput. Timing of the launch of manufacturing in California will depend on availability of financing.

In Nevada, Nutritional High has been working to integrate Green Therapeutics into its current operations and will close the acquisition of a 75% interest and consolidate its revenue in the Company's financials upon receipt of municipal and State approval. Green Therapeutics is a vertically integrated producer, extractor, manufacturer, and distributor with award winning concentrate and premium flower that is currently sold in the majority of dispensaries in the State.

During the past year, the Company saw an opportunity to be a first mover in an underexplored segment of the market – infused Asian branded products. Through the former advisor to the Prime Minister of Thailand and the newest Director of Nutritional High, the Company entered into an agreement with Golden Triangle Health Company to bring a family of established branded products to North America for infusion, sale and distribution. These will be functional, herbal products infused with CBD and other cannabinoids, and designed for either ingestion or topical use. The Company will be assessing the market viability of these products, and those that prove successful will eventually be re-commercialized in Asian countries where the legal environment permits.

Nutritional High has been fortunate to have raised both debt and equity from the Canadian capital markets and put this money to work in growing the business. The Company recognizes that the environment for financing has changed and has taken steps to focus on costs and adjust growth plans with a focus on partnerships. Through leveraging what current infrastructure in both distribution and manufacturing, Nutritional High is working to ensure that the business will be sustainable and profitable.

Business Highlights: Q4 2019 and Subsequent

- Nutritional High **strengthened its top management position** with the appointment of Adam Szweras as CEO in June 2019. Mr. Szweras was a founder of the Company and has been active in its leadership since inception, most recently as Co-Chair of the board. Mr. Szweras replaced Jim Frazier, who served as CEO of the Company since July 2016, and has stepped down to pursue other business opportunities. Mr. Szweras is a securities lawyer and an investment banking professional with a successful track record of incubating and scaling cannabis focused companies. He is also currently a director of several leading cannabis companies including Aurora Cannabis Inc., Harborside Inc. and Quinsam Capital Corp.

- In June 2019, the Company received its provisional distribution license from the State of California for NH Distribution California, LLC, located in Sacramento, and will commence distribution operations from this location as well, upon receipt of the Business Operating Permit (“BOP”). The Company’s distribution facilities in Oakland, Sacramento and Chatsworth together make up Nutritional High’s top tier distribution network in California, cementing its capability to service the **1,000 – 2000 dispensaries** expected to open in the State. This extensive network provides the architecture towards a **step change in on time delivery and pickup, delivery accuracy and minimizing storage** demands for retailers. Calyx remains a leader in the distribution of cannabis products in California, and **the number one distributor of edibles**. It has **delivered significant revenue growth from Cannabis sales**, with a continuous focus on same store sales growth and expanding its service footprint to currently **600+ retail stores** in the State of California. Simultaneously, it has built a robust data warehouse from its millions of sales transactions that can enable top tier market intelligence and analytics relating to both product categories/segments and geographic demand.
- Since May 2019, Calyx onboarded 9 new brand partners and the Company expects further substantial onboarding over the next 6 months. Through its revamped model featuring flexible à la carte service offerings, Calyx is proving to be **the premier distribution option for brands at every stage of their growth cycle**.
- In May 2019, the Company and Green Therapeutics amended the MIPA (“**Amended Agreement**”) to exclude certain assets and accompanying intellectual property which were not core to Nutritional High’s manufacturing and distribution focused business model, **reducing the purchase price by 50% to USD \$9 million**. Under the Amended Agreement, Green Therapeutics will retain its currently operating cultivation and manufacturing licenses, a dispensary license, and a distribution license. **By reducing the purchase price and only acquiring the most accretive assets, the amended agreement allows the Company to remain lean and focused on its core value proposition and drive shareholder value**. Closing is pending approval by Nevada State and municipal authorities. Green Therapeutics’ financials are not yet included in Nutritional High’s financial reporting.
- In Colorado, the Company currently leases its Pueblo property and equipment to Palo Verde LLC (“**Palo Verde**”), an independent third-party processor licensed by the State of Colorado that produces the Company’s branded. In May 2019, Colorado Governor Jared Polis signed into law *HB19-1090 - “Publicly Licensed Marijuana Companies”* which repeals the provision that prohibits publicly traded companies from holding a marijuana license. The Bill was passed by the Colorado Legislature on April 27, 2019, and was sponsored by two Democrats and two Republicans. **The new law paves the way for Nutritional High to potentially gain direct ownership interest in MED-licensed entities**. Palo Verde has already achieved **significant revenue growth in 2019** and is equally focused on the development of new product categories for the recreational and medical markets. Palo Verde’s financial results are currently not consolidated in the Company’s financials.
- In October 2019, the Company positioned itself to be a first mover in an underexplored segment of the market by entering a binding framework agreement with Golden Triangle Health Company Ltd. (“**Golden Triangle**”) to manufacture and distribute Asian branded products in North America. Golden Triangle is a Thailand-based health and wellness company with a strong family of brands (the “**Brands**”) looking to break into the North American market. Nutritional High will be responsible for providing North American market assessments for the Brands’ products, and for those products selected will be responsible for infusion, packaging, marketing, distribution and sales in jurisdictions where those products are legal.
- The Company amended its asset purchase agreement which was previously closed in escrow pending regulatory approval, to recast it as a share purchase agreement to better streamline operations and simplify regulatory compliance. The Company now holds an aggregate of 805 interest in Calyx for no additional consideration, with the option to purchase the remaining 20% for nominal consideration.
- In November 2019, the Company reached a settlement agreement with TKO Products LLC (“**TKO**”) whereby the Company accepted a settlement for a total receipt of US\$325,000. The settlement agreement releases all matters including TKO’s counterclaim (see The Company’s press release dated July 25, 2019).

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](#) and [Instagram](#) or visit www.nutritionalhigh.com.

For further information, please contact:

David Posner

Chair of the Board

Nutritional High International Inc.

647-985-6727

Email: dposner@nutritionalhigh.com

Ethan Karayannopoulos

Director, Investor Relations

Nutritional High International Inc.

416-777-6175

Email: ethan@nutritionalhigh.com

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