



NUTRITIONAL HIGH ANNOUNCES FINANCIAL RESULTS FOR SECOND QUARTER ENDED JAN 31, 2020

Toronto, Ontario – April 1, 2020 – Nutritional High International Inc. ("**Nutritional High**" or the "**Company**") (CSE: EAT, OTCQB: SPLIF) is pleased to announce its financial results and business update for the second quarter ended January 31, 2020.

	<u>Q2 2020</u>	<u>Q2 2019</u>	<u>Change</u>	<u>Q1 2020</u>	<u>Change</u>
Revenue	\$3,108	\$6,063	-\$2,955	\$6,694	-\$3,586
COGS	\$2,292	\$4,548	-\$2,256	\$5,122	-\$2,830
Gross Profit	\$816	\$1,514	-\$698	\$1,572	-\$756
<i>Gross Margin %</i>	26.3%	25.0%	1.3%	23.5%	2.8%
Lease and Interest Revenue*	\$2	\$53	-\$51	\$47	-\$45
Operating Expenses	\$4,539	\$7,092	-\$2,552	\$4,842	-\$303
Other Income (Loss)	-\$878	-\$1,026	\$148	-\$104	-\$774
Net and Comprehensive Income/(Loss)	-\$4,633	-\$6,805	\$2,172	-\$3,281	-\$1,352
Earnings/(Loss) per Share	-\$0.021	-\$0.023	\$0.002	-\$0.000	-\$0.021

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

Q2 2020 Financial Highlights:

- Revenue
 - **\$3.1 million** from the sale of cannabis related products, primarily generated from our distributor in California, Calyx Brands Inc. ("Calyx").
 - Q2 Revenue represents a decline of \$3.5M vs prior quarter and \$3.0M vs prior year, due to the termination of the distribution relationship between Calyx and a subsidiary of Plus Products Holdings Inc. Despite this lost business, Calyx continues to have a strong retail footprint of 600+ dispensaries across California through which it distributes 11 brands.
 - Management expects Calyx revenues to attain growth through expansion of its brand portfolio and through the ongoing implementation of Calyx hybrid distribution model. Further growth is expected from the integration of a strategic partner's flower and supply processing business resulting from a potential Calyx Spin-off (details below).
- Gross Profit of **26.3%**, represents an improvement of **2.8%** vs prior quarter and **1.3%** vs prior year.
- Operating expenses of \$4.5 million, a **decrease of \$2.6 million** vs prior year. This improvement is a direct result of several cost restructuring measures that the Company has successfully implemented both at the corporate level and in the Calyx business.

- In the coming months, management is focusing on efforts to bring on and ramp up higher margin business lines through a renewed focus on its manufacturing infrastructure in Colorado, Oregon, California and Nevada, and is taking expeditious steps to achieving profitability.

Business Highlights: Q2 2020 and Subsequent

- On March 3, 2020, John Durfy was appointed as the new Chief Executive Officer of Nutritional High. Mr. Durfy brings a wealth of senior management and executive experience encompassing operations, investment management, financial and business strategy over the past 30 years. Mr. Durfy has an extensive understanding of the North American cannabis landscape through participation on a number of boards, active participation in a cannabis investment corporation, as well as senior leadership experience in a medical cannabis company.
- With a new CEO identified, Adam Szweras, CEO of the Company since June 2019, has stepped down from his role as CEO and continue on with the Company resuming the role of the Chairman of the Board of Directors, replacing David Posner. As a founder of Nutritional High, Mr. Szweras has been active in the Company's leadership since inception and he will work closely with Mr. Durfy in the capacity of broad oversight of Nutritional High.
- On December 19, 2019, Robert Wilson joined the Company as Chief Financial Officer. Throughout his career, Mr. Wilson has held senior positions in investment banking and private equity including BMO Nesbitt Burns, Mackie Research Capital, Yorkton Securities, Working Ventures Canada Fund and Temperance Capital Income Fund. The Company announced the resignation of former Chief Financial Officer, Mike DiNapoli, on December 10, 2019.
- On December 10, 2019, the Company announced that its distribution business, operated under Calyx will downsize under a new service model together with the termination of its distribution relationship with a subsidiary of Plus Products Holdings Inc. ("Plus"). As part of these changes, Calyx is undertaking an ongoing implementation of a hybrid distribution model where new client brands can select the level of service required for each product on an à la carte basis, along with existing client brands being progressively migrated into the new platform.
- On February 26, 2020, the Company announced that it has entered into a non-binding letter of intent to sell a controlling interest in Calyx to a strategic partner ("Calyx Spin-off"). The strategic partner is currently undertaking due diligence. This transaction is subject to the negotiation and execution of definitive agreements as well as regulatory approval. Details of the terms of the definitive agreement will be disclosed once finalized. In California, Nutritional High will be focused towards the manufacturing and commercialization of FLI and other brands whereby the Calyx Spin-off will still enable the Company to distribute these brands through Calyx. Also, the Calyx Spin-off will result in the Company no longer consolidating Calyx financials in its consolidated financial statements.
- Upon successful closing, the Calyx Spin-off will complete the first stage of a strategic review process undertaken by Nutritional High in December 2019. This allows Nutritional High to focus on a higher margin, lower working capital intensive manufacturing footprint and brand

development capabilities and leverage these strengths to penetrate existing markets in multiple states and enter emerging opportunities internationally.

- Palo Verde, the Company's Colorado tenant who utilizes the Company's know-how and branding, has established a solid and growing foothold in Colorado. Palo Verde has been expanding its sales team in Colorado and continues to improve its operations and processes. FLI™ products are produced in Colorado by Palo Verde, an independent third-party processor licensed by the State. Palo Verde remains focused on revenue and earnings growth and developing new product categories for recreational and medical markets. Nutritional High has no ownership interest in Palo Verde, no option to acquire such interest and no rights to control Palo Verde either directly or indirectly. FLI product sales continue to advance in the Colorado market as a beachhead for expansion in other States. In December 2019, Palo Verde LLC won the LeafLink List 2019 award for the best-selling vaporizer in the nation.
- In Colorado, recent regulatory changes in the State have paved the way for publicly traded companies to own the means of cannabis production and the Company is looking forward to additional ease of access to the market as a result of these changes.
- On December 30, 2019, the Company held a meeting of the unsecured debenture holders of March 2018 convertible debentures and received approval for the proposed amendments to the terms of the debentures as follows:
 - A reduction in the Conversion Price from \$0.60 to \$0.15 until maturity of the Debentures; and
 - The Company is authorized to pay the interest due on the Debentures in cash at the existing rate of 10% per annum, or through the issuance of its Common Shares at a rate of 14% per annum, at the sole discretion of the Company. Such issuance of Common Shares will be set at a price which is equal to the weighted average closing price for the Common Shares during the twenty (20) trading day period ending on the last complete trading day, five (5) days prior to the date upon which interest is due on the Debentures. (the "Interest Conversion Price").

In accordance with the approved amendments, the Company has elected to pay the interest due on December 31, 2019 in Common Shares. Based on an Interest Conversion Price of \$0.045 per share, the Company shall issue 12,339,707 Common Shares to the debenture holders.

- On March 31, 2020, the Company announced the closing of the first tranche of its non-brokered private placement consisting of CAD \$852,678 aggregate principal amount of secured convertible debenture units (the "Convertible Debenture Units") at a price of \$1,000 per Convertible Debenture Unit.
 - Each Convertible Debenture Unit is comprised of a \$1,000 principal amount 12% secured convertible debenture (each, a "Convertible Debenture") and 20,000 common share purchase warrants (each, a "Warrant").
 - Each Warrant is exercisable into a common share of the Company (a "Warrant Share") at a price of \$0.05 ("Warrant Exercise Price") for 36 months from the date of issuance (the "Maturity Date").
 - The Convertible Debentures are convertible into common shares in the capital of the Company ("Conversion Shares") at a price of \$0.05 per share ("Conversion Price") at any

time prior to Maturity Date. The Convertible Debentures, Conversion Shares, Warrants and Warrant Shares will be subject to a statutory hold period of four months and one day from the applicable issuance date.

- The Company shall have a right to prepay a part or the entire principal amount of Convertible Debentures at any time without penalty.
 - The Convertible Debentures bear interest at a rate of 12% per annum from the date of issuance payable semi-annually in arrears. The interest can be payable in cash or by issuing common shares against the amount due at the sole option of the Company.
 - The Convertible Debentures are secured by certain assets of the Company as set out in the certificates representing the Convertible Debentures and security documents.
 - Certain directors and officers of the Company, the related parties, participated in the Offering.
- 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.

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