

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Nutritional High International Inc.
77 King Street West, Suite 2905
Toronto, Ontario M5K 1H1

Item 2. Date of Material Change

March 31, 2020

Item 3. News Releases

A press release in the form of Schedule A attached hereto was disseminated on March 31, 2020 via Globe Newswire and subsequently filed on the System for Electronic Document Analysis and Retrieval (www.sedar.com).

Item 4. Summary of Material Change

Nutritional High International Inc. ("**Nutritional High**" or the "**Company**") (CSE: **EAT**, OTCQB: **SPLIF**) has announced the closing of the first tranche of its non-brokered private placement (the "**Offering**") consisting of C\$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 and 20,000 common share purchase warrants.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The material change is fully described in the Company's press release, which is attached as Schedule "A" and is incorporated herein.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

(a) a description of the transaction and its material terms:

The closing of the first tranche of a non-brokered private placement, consisting of C\$852,678 aggregate principal amount of secured Convertible Debentures Units, of which related parties subscribed for \$810,000 principal amount Convertible Debenture Units.

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.

(b) the purpose and business reasons for the transaction:

The Company intends to use the net proceeds of the Offering for capital projects and general corporate purposes.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

The completion of the Offering will provide the Company with funds to be used for capital projects and general corporate purposes.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Adam Szweras, Chairman of the Board of Directors, and director of the Company, participated in the first tranche of the Offering, subscribing for \$671,000 principal amount Convertible Debentures Units and received 13,413,560 Warrants.

John Durfy, Chief Executive Officer the Company, participated in the first tranche of the Offering, subscribing for \$89,000 principal amount Convertible Debentures Units and received 1,780,000 Warrants.

Brian Presement, a director of the Company, participated in the first tranche of the Offering, subscribing for \$50,000 principal amount Convertible Debentures Units and received 1,000,000 Warrants.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

Prior to the completion of the first tranche, Adam Szweras held 2,416,250 common shares (directly and indirectly), 3,800,000 options, 1,766,672 Warrants, \$16,000 principal amount of 10% convertible debentures, \$250,000 principal amount of convertible debentures, and 2,129,032 restricted share units. Upon closing of the first tranche, Adam Szweras will hold an aggregate of 2,416,250 common shares, representing

approximately 0.6172% of the issued and outstanding common shares on a non-diluted basis. In the event that Adam Szweras converts his convertible debentures, 10% convertible debentures, 12% Convertible Debentures, and exercises his options, Warrants and restricted share units, he would hold an aggregate of 11,048,954 common shares, or approximately 2.77% of the issued and outstanding common shares of the Company, on a fully diluted basis.

Prior to the completion of the first tranche, John Durfy held nil common shares, 3,600,000 options, nil Warrants and 5,000,000 restricted share units. Upon closing of the first tranche, John Durfy will hold an aggregate of nil common shares, representing 0% of the issued and outstanding common shares on a non-diluted basis. In the event that John Durfy converts his 12% Convertible Debentures, and exercises his options, Warrants and restricted share units, he would hold an aggregate of 10,669,000 common shares, or approximately 2.66% of the issued and outstanding common shares of the Company, on a fully diluted basis.

Prior to the completion of the first tranche, Brian Presement held 611,852 common shares, 1,600,000 options, 533,340 Warrants, \$20,000 principal amount of 10% convertible debentures, \$100,000 principal amount of convertible debentures, and 953,806 restricted share units. Upon closing of the first tranche, Brian Presement will hold an aggregate of 611,852 common shares, representing approximately 0.16% of the issued and outstanding common shares on a non-diluted basis. In the event that Brian Presement converts his convertible debentures, 10% principal amount convertible debentures, 12% Convertible Debentures, and exercises his options, Warrants and restricted share units, he would hold an aggregate of 4,868,998 common shares, or approximately 1.23% of the issued and outstanding common shares of the Company, on a fully diluted basis.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

A resolution of the board of directors was passed on March 27, 2020, approving the Offering. No special committee was established in connection with the transaction, and no materially contrary view or abstention was expressed or made by any director, other than Adam Szweras and Brian Presement, each of which abstained from voting on the transaction.

- (f) A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the Related Parties nor the consideration being paid by the Related Parties exceeded 25% of the Company's market capitalization.

- (g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

- (h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Other than the subscription agreement, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party in connection with the Offering.

- (i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Offering constituted a related party transaction within the meaning of MI 61-101 as insiders of the Company subscribed for an aggregate of \$350,000 principal amount of secured Convertible Debenture Units. The Company is relying on the exemptions from the formal valuation and minority approval requirements of MI 61-101 contained in subsections 5.5(a)(iv) and 5.7(1)(a), of MI 61-101, respectively, as the fair market value of the subject matter of, or the fair market

value consideration for, the transaction, insofar as it involves interested parties, did not exceed 25% of the issuer's market capitalization.

A material change report in respect of this related party transaction could not be filed at least 21 days prior to the closing of the Offering due to the fact that the Company wished to close the transaction as soon as practicable to enable it to use the proceeds of the Offering in an expeditious manner to bolster the Company's financial position.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

The following officer of the Company may be contacted for further information:

Robert Wilson
Chief Financial Officer
(416) 666-4005
rwilson@nutritionalhigh.com

Item 9. Date of Report

This report is dated this 2nd day of April, 2020.

SCHEDULE A



NUTRITIONAL HIGH ANNOUNCES CLOSING OF NON-BROKERED PRIVATE PLACEMENT OF SECURED CONVERTIBLE DEBENTURES

TORONTO, March 31, 2020 (GLOBE NEWSWIRE) -- Nutritional High International Inc. ("**Nutritional High**" or the "**Company**") (CSE: EAT, OTCQB: SPLIF) is pleased to announce the closing of the first tranche of its non-brokered private placement (the "**Offering**") consisting of C\$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 rank pari passu and will 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. This transaction constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the Related Parties nor the consideration being paid by the Related Parties exceeded 25% of the Company's market capitalization. A material change report in respect of this related party transaction will be filed by the Company but could not be filed at least 21 days prior to the closing of the Offering due to the fact that the Company wished to close the transaction as soon as practicable to enable it to use the proceeds of the Offering in an expeditious manner to bolster the Company's financial position.

The Company intends to use the net proceeds of the Offering for capital projects and general corporate purposes.

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:

Robert Wilson
Chief Financial Officer
Nutritional High International Inc.
416-666-4005
Email: rwilson@nutritionalhigh.com

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 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. Although such statements are based on management's reasonable assumptions, there can be no assurance that such assumptions will prove to be correct. We assume no responsibility to update or revise them to reflect new events or circumstances.

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. All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law. Some of the risks and other factors that could cause actual results to differ materially from those expressed in forward-looking information expressed in this press release include, but are not limited to: the ability of the Company to complete the full issuance of up to \$5 million of Convertible Debenture Units, 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.