



For Immediate Release

News Release

August 23, 2022

LUFF ENTERPRISES ACQUIRES NATIONAL E-COMMERCE PLATFORM

Vancouver, British Columbia – Luff Enterprises Ltd., (CSE: LUFF) (“LUFF” or the “Company”) is pleased to announce that it has acquired 1192515 BC Ltd., the owner of herbaldispatch.com, a leading Canadian online dispensary brand (“Herbal Dispatch”).

Assets included in the acquisition are Herbal Dispatch’s website domains, trademarks, and user database. This database contains age-verified, Canadian-resident cannabis consumers, and has more than a 100,000+ profiles, including over 60,000 active subscribers. Pursuant to the terms of the acquisition, Luff acquired 100% of the issued and outstanding shares of 1192515 BC Ltd. (the “Transaction”) in exchange for Luff common shares, based on a milestone structure linked to quarterly revenue targets.

This is the latest and most important step in the strategy to establish a pre-eminent online wellness marketplace, following on from the recent acquisition of a licensed producer in Canada.

HIGHLIGHTS OF THE PROPOSED TRANSACTION:

- Luff becomes the 100% owner and operator of herbaldispatch.com, a leading Canadian cannabis e-commerce platform, with a large database of cannabis customers.
- The Transaction consideration is shares based on revenue milestones, thereby mitigating risk for Luff shareholders.
- Herbal Dispatch has an historically engaged customer base: Prior operating data shows an average of 7 repeat orders per customer; regular consumers and enthusiasts of cannabis;
- Goal is to maximize profit margins by selling directly from growers and product manufacturers to registered herbaldispatch.com members; and
- Membership on herbaldispatch.com is free - simply sign-up online and go through a short health assessment (via videoconference) with a registered healthcare practitioner on a smartphone or computer.

TERMS OF THE PROPOSED TRANSACTION

Consideration for the Transaction was comprised of the issuance of 140,000,000 common shares of Luff with 20,000,000 common shares immediately distributed to the shareholders of Herbal Dispatch and the remaining 120,000,000 common shares being distributed following the achievement of certain milestone events during the four-year period after completion of the Transaction as follows:

- 30,000,000 common shares of Luff upon gross sales in Canada reaching \$300,000 in a three-month consecutive period;
- 40,000,000 common shares of Luff upon gross sales in Canada reaching \$750,000 in a three-month consecutive period; and
- 50,000,000 common shares of Luff upon gross sales in Canada reaching \$1,500,000 in a three-month consecutive period.

“This is a huge step forward for Luff on our path to becoming a leading online wellness platform, sourcing the best product from great producers directly to our customers,” said Jeremy South, Chairman and Independent Director of Luff. “We are very pleased to revive the storied Herbal Dispatch brand with its strong track record of outstanding customer service. Our research shows a continued gap in the market for a marketplace offering great customer service and outstanding curated products. We particularly look forward to working with the Herbal Dispatch team to significantly increase our business in Canada and presence in the United States, and potentially expand into developing markets where e-commerce of cannabis products provides a compelling market opportunity.”

The Transaction was not an arm’s length transaction for purposes of the policies of the Canadian Securities Exchange (“CSE”). Certain directors and officers of Luff are minority shareholders in 1192515 BC Ltd. Therefore, the transaction is a related party transaction under Multilateral Instrument 61-101. For the transaction, Luff is relying on the exemptions contained in sections 5.5(a) and 5.7(a), respectively, of Multilateral Instrument 61-101 from the valuation and minority shareholder requirements of that instrument as they apply to related party transactions since the fair market value of the acquisition was less than 25% of the market capitalization of Luff. The acquisition of 1192515 BC Ltd. was approved by the board upon recommendation of the independent director in accordance with the Company’s related-party transaction policy. Those certain directors and officers of Luff who are also minority shareholders of 1192515 BC Ltd. did not vote on the transaction.

ABOUT HERBAL DISPATCH

Herbal Dispatch is a cannabis e-commerce platform dedicated to providing top quality products to informed consumers at affordable pricing and continuing its legacy as a trusted source for exclusive access to small-batch craft cannabis flower and a wide-array of other product formats. Members registered with Herbal Dispatch trust that the dedicated client care team will ensure a great experience, from ordering to delivery to your door, and can rest assured that everything is at or below retail/provincial prices.

ABOUT LUFF ENTERPRISES LTD.

Luff owns and operates leading cannabis e-commerce platforms in both Canada and the United States and is dedicated to providing top quality cannabis to informed consumers at affordable pricing. Luff’s flagship cannabis marketplace, Herbal Dispatch, is a trusted source for exclusive access to small-batch craft cannabis flower and a wide-array of other product formats.

Luff’s common shares trade on the Canadian Securities Exchange under the symbol “LUFF”.

FOR FURTHER INFORMATION:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:

Certain statements in this news release, including statements or information containing terminology such as “anticipate”, “believe”, “intend”, “expect”, “estimate”, “may”, “could”, “will”, and similar expressions constitute “forward-looking statements” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, that address activities, events, or developments that the Company or a third party expect or anticipate will or may occur in the future, including the Company’s future growth, results of operations, performance, and business prospects and opportunities are forward-looking statements. These forward-looking statements reflect the Company’s current beliefs and are based on information currently available to the Company. These statements require the Company to make assumptions it believes are reasonable and are subject to inherent risks and uncertainties. Actual results and developments may differ materially from the anticipated results and developments discussed in the forward-looking statements as certain of these risks and uncertainties are beyond the Company’s control. These risk factors are interdependent and the impact of any one risk or uncertainty on a particular forward-looking statement is not determinable. Examples of forward-looking statements in this news release and the key assumptions and risk factors involved in such statements include, but are not limited to, expanding the Company’s business into Canada. The successful execution of the Company’s expansion initiatives is subject to a number of risks and uncertainties, including industry competition and future customer demand for the Company’s products, among others.

Consequently, all of the forward-looking statements made in this news release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected effects on Luff. These forward-looking statements are made as of the date of this news release. Except as required by applicable securities legislation, the Company assumes no obligation to update publicly or revise any forward-looking statements to reflect subsequent information, events, or circumstances.

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