



HERBAL DISPATCH INC.

**Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2023**

(Stated in Canadian Dollars)

Dated November 21, 2023

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

This Management's Discussion and Analysis (MD&A) for Herbal Dispatch Inc. ("Herbal Dispatch", the "Company", the "Corporation", "we", "us" or "our") was prepared as of November 21, 2023 to assist readers in understanding our financial performance for the three and nine months ended September 30, 2023. This MD&A should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and the notes contained therein. In addition, this MD&A should be read in conjunction with our MD&A and audited consolidated financial statements for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards (IFRS) and presented in Canadian dollars, our functional currency.

This MD&A contains forward-looking statements. Please see "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions used to develop our forward-looking statements. Accounting principles applied under IFRS require us to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We believe our estimates and assumptions are reasonable based on the information available at the time that these estimates and assumptions are made. Actual results may differ from these estimates.

Our head office is located at Suite 1750 – 1055 West Georgia Street, Vancouver, British Columbia V6E 3P3. The Board of Directors approved the content of this MD&A on November 21, 2023.

Additional information on Herbal Dispatch, including our most recently filed audited consolidated financial statements, is available on the System for Electronic Document Analysis and Retrieval (SEDAR+) website at www.sedarplus.ca.

Business Overview

We own and operate leading cannabis e-commerce platforms and are dedicated to providing top quality cannabis to informed consumers at affordable pricing. Our 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.

Our common shares trade on the Canadian Securities Exchange ("CSE") under the symbol "**HERB**".

We were originally incorporated with the name Ascent Industries Corp. under the Business Corporations Act (British Columbia) on May 30, 2013. We completed an amalgamation with Paget Minerals Corp. on August 9, 2018 and subsequently listed our common shares for trading on the CSE. Effective May 15, 2020, we changed our name to Luff Enterprises Ltd. and on January 20, 2023, we changed our name to Herbal Dispatch Inc. The name change to Herbal Dispatch Inc. will allow us to realize the synergies and benefits that come with aligning our name with the positive brand of Herbal Dispatch and our new flagship e-commerce website, herbaldispatch.com.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

Corporate Highlights

- In the third quarter of 2023, we achieved gross sales of \$1.5 million, representing significant growth over revenue of just \$0.1 million in Q3 2022. Year-to-date gross sales in 2023 were \$3.3 million.
- Gross profit improved to \$0.2 million in Q3 2023, representing a gross margin of 21.2%. For the nine months ended September 30, 2023, gross profit was \$0.5 million reflecting a gross margin of 20.8%.
- In June 2023, we completed our first export sale to Australia, consisting of 93 kilograms of premium dried cannabis, which generated revenue of \$0.4 million. In November 2023, we completed our second export sale to Australia, consisting of 130 kilograms of premium dried cannabis and revenue of \$0.5 million. This export sale will be reported in our revenue in Q4. Our entry into the global cannabis market represents a significant milestone for Herbal Dispatch and we hope to grow our revenue from export sales as we move into fiscal 2024.
- Earlier in 2023, we launched the Hero Dispatch marketplace, the second portal created under our affiliate platform. Hero Dispatch provides veterans and first responders access to premium craft cannabis, which are typically funded through their healthcare benefits; and
- In Q3 2023, we expanded our recreational cannabis sales to include the Liquor Distribution Branch of the Government of British Columbia ("BC"), significantly expanding our revenue base for recreational cannabis product.

Selected Financial Data

The following table displays a summary of our consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022 and a summary of select balance sheet data as at September 30, 2023 and December 31, 2022.

\$	Three Months Ended		Nine Months Ended	
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
Revenue - gross	1,483,815	100,651	3,251,856	129,822
Revenue - net	1,174,419	100,651	2,628,676	129,822
Gross profit	249,640	27,631	547,545	10,464
Operating expenses	752,161	931,907	2,162,039	1,791,860
Other expense (income), net	30,519	(126,281)	5,978	890,738
Net loss	(533,040)	(777,995)	(1,620,472)	(2,709,111)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

As at	Sept 30 2023	Dec 31 2022
Assets		
Cash and cash equivalents	263,538	1,203,594
Current assets	1,751,425	2,114,098
Total assets	7,941,150	7,942,158
Liabilities		
Current liabilities	2,311,851	1,208,043
Long-term liabilities	937,801	457,033
Total liabilities	3,249,652	1,665,076
Shareholders' equity	4,691,498	6,277,082

Overall Performance and Strategy

We continued to make strong progress towards our strategic growth initiatives in the third quarter of 2023, achieving gross sales of \$1.5 million. Excluding export sales, our domestic gross sales increased by \$0.5 million or 45% from Q2 2023 gross sales of \$1.0 million.

Since commencing sales in Canada on the acquired marketplace **herbaldispatch.com** last fall, we have achieved significant quarter-over-quarter revenue growth as we continue to grow our customer base and achieve repeat orders. Since the start of 2023, our direct delivery retailer platform has increased from 38 to over 200 customers and we now have over 2,000 active customers on our medical sales platforms.

On the export front, following our first export sale in June 2023, we completed our second export sale to Australia in November 2023, consisting of 130 kilograms of premium dried cannabis, generating revenue of \$0.5 million. This export sale will be reported in our revenue in Q4, which combined with continued sales domestically, should lead to meaningful revenue growth in the 4th quarter ending December 31, 2023.

We believe our online strategy and capital light, scalable business model is showing signs of success. Our strategy is to utilize our growing online marketplace to identify and purchase best in class cannabis products that can be sold across all of our available product channels: direct to consumer (medical), wholesale to retailers (recreational) and bulk sales (domestic & export).

Our vision is to build a customer centric organization that provides the best cannabis to local and international markets. We will achieve this by focusing on four complementary pillars for revenue generation in the years ahead, which will allow us to scale quickly with minimal additional capital required.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

Four Pillars for Revenue Growth:

Medical Sales. Medical sales are continuing through the herbaldispatch.com site and will continue to grow organically, through targeted communications to special groups, such as insured clients and within our growing partnerships with healthcare professionals across Canada. We have also launched affiliate websites in partnership with groups that have a large online following and loyal customer base. We plan to leverage all of our in-house digital backend, product inventory, and licensing to streamline the customer onboarding process with minimal additional cost required.

In April 2023, we launched the Hero Dispatch marketplace, the second portal created under our affiliate platform. Hero Dispatch provides veterans and first responders access to premium craft cannabis, which are typically funded through their healthcare benefits. In Canada, eligible veterans and first responders receive coverage for medical cannabis through Veterans Affairs Canada ("VAC") as part of their healthcare benefits. The coverage amount varies by person, but most (60%) are eligible to receive three grams per day at \$8.50/g coverage. As of 2021, VAC had reimbursed licensed producers over \$150 million for medical cannabis sold to eligible veterans, growing to over \$200M in 2022.

Recreational Sales. Recreational sales started in December 2022 when we commenced our first direct delivery orders in BC to B-to-B customers. This program allows us to deliver directly to the roughly 450 private retail stores in the Province of BC. This B-to-B wholesale opportunity is very complementary to our existing medical business as we are already prepared to manage member orders, whether they are buyers for dispensary chains or individual clients. Further to the launch of recreational sales in BC, we are also expanding into other provinces to expand our recreational wholesale offering in dispensaries nationally. In the second quarter, we expanded our direct delivery into the Province of Manitoba. In Q3 2023 we expanded our recreational cannabis sales to include the Liquor Distribution Branch of the Government of BC, significantly expanding our revenue base for recreational cannabis product.

Export Sales. Export sales represent a significant opportunity for us and one that shows a lot of promise given the expanding list of countries that have approved federal medical cannabis programs. We are pursuing opportunities for export to several countries that are interested in importing premium grade and craft focused cannabis from Canada. With the oversupply and depressed wholesale pricing domestically, this presents a compelling opportunity for sales with strong margin potential.

In June 2023, we completed our first export sale, consisting of 93 kilograms of premium dried cannabis. This sale is part of a new partnership with a leading Australian medical cannabis provider and is expected to result in regular and growing shipments. We plan to work closely with our new partner to expand our premium and craft focused cannabis offering in Australia where the medical cannabis market is still new, but growing rapidly. In November 2023, we completed our second export sale to Australia, consisting of 130 kilograms of premium dried cannabis. This export sale will be reported as revenue in Q4.

We are also optimistic that an increasing number of global markets will refine regulations, allowing for lower-barrier access to high quality cannabis products produced and distributed from Canada via Herbal Dispatch's growing distribution platform.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

Manufacturing Services. Manufacturing sales will play a meaningful role for us moving forward. By offering licensed production services to select vendors/brands, we are building alignment with strategic partners that can add value to Herbal Dispatch's marketplaces. The ability to conduct these services enables us to minimize the cost of select products by spot buying bulk flower and then providing subsequent in-house packaging and processing (such as pre-roll manufacturing) for the Company's and our partners' brands. Having control over certain aspects of manufacturing has proven to lower product costs and increase the quality of Herbal Dispatch's product offering.

Results of Operations

Revenue

Gross revenue increased to \$1.5 million for the quarter ended September 30, 2023, from \$1.4 million in Q2 2023, \$0.4 million in Q1 2023 and \$0.2 million in Q4 2022. Our revenue in Q3 2023 did not include any export sales (Q2 2023 revenue included export sales of \$0.4 million). Domestically, we continued to achieve strong sales growth in Q3 2023 with revenue increasing by \$0.5 million or 45% to \$1.5 million.

In Q4 2023, we are once again seeing export sales grow, which combined with continued sales domestically, should lead to overall meaningful revenue growth in the upcoming 4th quarter ending December 31, 2023.

A breakdown of our net revenue by category was as follows:

\$	Three Months Ended		Nine Months Ended	
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
Net revenue				
Canada				
Direct to consumer sales – medical	334,353	25,154	835,823	25,154
Recreational cannabis sales	692,300	-	1,243,645	-
Export sales	-	-	364,700	-
Other revenue	147,766	-	184,508	-
	1,174,419	25,154	2,628,676	25,154
United States	-	75,497	-	104,668
	1,174,419	100,651	2,628,676	129,822

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

Gross profit

\$, except gross margin %	Three Months Ended		Nine Months Ended	
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
Revenue - net	1,174,419	100,651	2,628,676	129,822
Costs of sales	924,779	73,020	2,081,131	119,358
Gross profit	249,640	27,631	547,545	10,464
Gross margin %	21.3%	27.4%	20.8%	8.1%

Gross profit was \$0.25 million for the three months ended September 30, 2023, representing a gross margin of 21.3% on net revenue of \$1.2 million. This compares favourably to our year-to-date gross margin of 20.8%. The higher gross margin in the current quarter was achieved from more economies of scale from our direct operating costs as well as from changes in sales mix.

Of note is that our revenue in Q3 2023 did not include any export sales (YTD 2023 – includes export sales of \$0.4 million). Our export sales generally earn a higher gross margin than domestic sales. Therefore, as our revenue continues to grow, including higher revenue from export sales, we anticipate that our gross margin will also continue to improve in the future.

Operating expenses

	Three Months Ended		Nine Months Ended	
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
General and Administrative				
Personnel	345,206	187,223	891,613	490,946
Professional fees	78,928	213,718	345,360	438,924
Other operating expenses	61,387	188,043	185,837	280,943
	485,521	588,984	1,422,810	1,210,813
Sales and Marketing				
Personnel	47,583	31,610	132,583	31,610
Advertising, promotions and selling costs	118,592	261,961	316,586	408,309
	166,175	293,571	449,169	439,919

General and administrative expenses increased for the nine months ended September 30, 2023 compared to the prior year. In early 2022, we significantly reduced operating expenditures as we downsized our operations in the United States. However, in the second half of fiscal 2022 our operating expenses began to increase as we worked to launch and then commence sales on our online sales platforms in Canada. These higher expenditure levels are continuing as we grow our sales in 2023.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

General and administrative expenses declined in Q3 2023 from the prior year, primarily due to lower professional fees. In 2022, we incurred higher professional fees to complete the acquisitions of the National Green Biomed group of companies ("NG Biomed") and the herbaldispatch.com platform in August 2022. In addition, we are controlling our expenditures very tightly until we are able to achieve profitability.

Sale and marketing expenditures for the three and nine months ended September 30, 2023 were comparable to the expenditures incurred for the same periods in 2022.

Share based compensation expense was \$nil for the three and nine months ended September 30, 2023 as no new options or restricted share units were granted in 2023 nor in fiscal 2022.

Depreciation and amortization expense increased to \$0.1 million and \$0.3 million, respectively, for the three and nine months ended September 30, 2023. This expense primarily relates to the amortization of equipment and intangible assets acquired from business acquisitions in 2022 as well as equipment and other capital assets acquired to support the ramp up of sales activities.

Other expenses (income)

Other expenses (income) for the three and nine months ended September 30, 2023 primarily consisted of (i) a gain on settlement of debt, (ii) interest costs and accretion related to loans payable; and (iii) foreign exchange gains and losses on cash and loans receivable denominated in US dollars. The gain on settlement of debt related to the expiration of rescission rights associated with the acquisition of NG Biomed in 2022. The difference between the value of the extinguished liability and the fair value of the common shares issued was recognized as a gain on settlement of debt.

In the comparative three and nine months ended September 30, 2022, we incurred an impairment loss of \$1.1 million related to assets located in Portland, Oregon. Of the impairment charge reported, \$0.9 million related to equipment and leasehold improvements and \$0.1 million related to inventory.

Net loss

Our net loss for the quarter ended September 30, 2023 improved to \$0.5 million from a loss of \$0.8 million last year. The lower net loss was due to both higher revenue and gross profit as well as lower operating expenses. On a year-to-date basis, our net loss improved to \$1.6 million from \$2.7 million last year. This improvement was also due, in part, to the higher revenue and gross profit generated in 2023. In addition, the prior year loss also included an impairment charge of \$1.1 million, as discussed above.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

Summary of Quarterly Data

Quarter ended \$ (000's, except per share)	Sept 2023	June 2023	Mar 2023	Dec 2022	Sept 2022	June 2022	Mar 2022	Dec 2021
Gross sales	1,484	1,385	383	230	105	9	20	30
Net revenue	1,174	1,159	295	189	101	9	20	30
Net (loss) income	(533)	(402)	(686)	(1,906)	(778)	(1,374)	(558)	651
(Loss) income per share ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00

Note 1: Income (loss) per share represents both basic and diluted income (loss) per share. Quarterly income (loss) per share is not additive and may not equal the annual loss per share reported. This is due to the effect of rounding as well as shares issued during the year on the basic weighted average number outstanding.

The past 8 fiscal quarters represented a transition and rebuilding period for our Company. In the first two quarters of 2022, our revenue fell sharply for several reasons, including: (i) our plan initiated to significantly downsize our Oregon facility and complete the sale of our Nevada operations, (ii) very limited sales initiatives were implemented due to limited cash resources and our change in strategy to focus on our new online marketplace strategy. In Q3, 2022, our revenue once again began to increase as we launched our new online cannabis marketplace in Canada near the end of the quarter. This trend continued in Q4 2022 and in 2023 with gross sales increasing to \$1.5 million in Q3 from \$1.4 million in Q2 2023, \$0.4 million in Q1 2023 and \$0.2 million in Q4 2022.

Our revenue in Q3 2023 was flat with Q2 2023 because we did not achieve any export sales this quarter. Domestically, we continued to achieve strong sales growth in Q3 2023 with gross sales increasing by \$0.5 million or 45% to \$1.5 million. In Q4 2023, we are once again seeing export sales grow, which combined with continued sales growth domestically, should lead to overall revenue growth in the upcoming fourth quarter ending December 31, 2023.

Due to the relatively low sales generated over the past 8 quarters, our revenue and gross profit was not sufficient to cover our operating expenditures and resulted in net losses being reported in 7 of the past 8 fiscal quarters. We generated net income of \$0.7 million in Q4 2021 due to a \$1.1 million gain on the sale of our Nevada facility, which was sold for proceeds of \$6.5 million in December 2021.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

Financial Condition and Liquidity

As at \$	Sept 30 2023	Dec 31 2022
Current assets	1,751,425	2,114,098
Total assets	7,941,150	7,942,158
Current liabilities	2,311,851	1,208,043
Total liabilities	3,249,652	1,665,076
Shareholders' equity	4,691,498	6,277,082
Working capital ⁽¹⁾	(560,426)	906,055
Nine months ended	Sept 30 2023	Sept 30 2022
Cash flows used in operating activities	(835,922)	(1,485,454)
Cash flows (used in) provided by investing activities	(6,337)	46,810
Cash flows used in financing activities	(97,584)	(115,143)

Note: (1) Working capital is defined as current assets less current liabilities.

Working capital

Our working capital position declined to negative \$0.6 million at September 30, 2023 from \$0.9 million at December 31, 2022. The \$1.5 million decrease was primarily due to our net loss year-to-date in 2023, which was \$1.6 million. At September 30, 2023, our cash position was \$0.3 million compared to \$1.2 million at December 31, 2022.

Our ability to fund our future operating expenses and capital expenditures will continue to depend on our future operating performance, most notably our ability to achieve sales in the future that are sufficient to cover our operating expenses. Future sales levels will be affected by several factors, including general economic, financial, regulatory factors, including factors beyond the Company's control (See "Risks and Uncertainties"). Based on our cash and working capital position at September 30, 2023, we believe we will need to access additional equity and/or debt financing to support our growth objectives and operating expenditures over the coming months. As we successfully execute on our growth objectives, we anticipate that we will begin to achieve positive cash flow from operations in the future.

To date, we have been conserving cash and managing our negative working capital by utilizing favourable payment terms with suppliers and deferring discretionary expenditures. In addition, in October 2023, we received a short-term loan in the amount of \$100,000 from a director of the Company to support our working capital needs. The loan bears interest at an annual rate of 14% per annum, payable monthly, and matures on the earlier of (i) October 31, 2024; and (ii) within 30 days of a redemption notice being issued to the Company by the holder.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

If needed, we may obtain additional short-term loan advances on similar terms to support our working capital requirements. However, there can be no assurance that we will be able to obtain additional financing in the future.

Cash used in operating activities

Cash used in operating activities during the nine months ended September 30, 2023 was \$0.8 million (2022 - \$1.5 million). In both 2023 and 2022, we did not generate sufficient revenue and gross profit to cover our operating expenses.

Cash used in investing activities

During the nine months ended September 30, 2023, we incurred a nominal amount of capital expenditures on miscellaneous equipment to support business operations.

Cash used in financing activities

Net cash used in financing activities was \$0.1 million for the nine months ended September 30, 2023, which consisted of principal repayments on our right of use lease liability and payments related to consideration payable from the acquisition of NG Biomed in the prior year.

Our loans payable at September 30, 2023 included a convertible debenture with a principal balance of \$438,000. The convertible debenture is owing to a company controlled by a director and shareholder of the Company, bears interest at a coupon rate of 10.0% per annum and matures on May 31, 2024. Subject to approval of the CSE, the convertible debenture is convertible into 43,800,000 common shares at the election of the holder at any time and, at the Company's election, during any period where the 20-day weighted average trading price of our common shares is \$0.05 or greater.

In addition, we have convertible debentures in the principal amount of \$500,000 that have an annual coupon rate of 10.0% per annum, payable monthly, and mature on December 31, 2024. The debentures are also convertible, at the holder's option, into common shares of the Company at \$0.025 per share, and at the Company's election, during any period where the trading price of the Company's common shares is \$0.05 or greater for a minimum period of 20 consecutive trading days.

Shareholders' Equity

Shareholders' equity decreased to \$4.7 million at September 30, 2023 from \$6.3 million at December 31, 2022. The statements of shareholders' equity included in the accompanying consolidated financial statements for the nine months ended September 30, 2023 provide a schedule showing changes to all of the components of shareholders' equity during the period. The decrease of \$1.6 million was attributable to the net loss incurred for the nine months ended September 30, 2023.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

Related Party Transactions

	Three Months Ended		Nine Months Ended	
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
Key management personnel compensation				
Wages and benefits and management fees	73,172	80,929	236,753	214,765
Directors' fees	30,000	27,184	90,000	75,184
	103,172	108,113	326,753	289,949

For the three and nine months ended September 30, 2023, we defined key management personnel as being the Chief Executive Officer and Chief Financial Officer. During the three and nine months ended September 30, 2023, we also incurred interest expense of \$10,950 and \$26,276 (three and nine months ended September 30, 2022 - \$6,568 and \$19,704), respectively, related to a convertible debenture owing to a director and shareholder of the Company. Transactions with related parties are in the normal course of operations and are initially recorded at the exchange amount.

Outstanding Share Data

	Nov 21 2023	Sept 30 2023
Common Shares outstanding	736,279,091	736,279,091

As at November 21, 2023, we also had outstanding:

- (i) Warrants to acquire 27,656,000 common shares of the Company at an exercise price of \$0.05 per share and expiring on October 26, 2024;
- (ii) Warrants to acquire 6,172,001 common shares of the Company at an exercise price of \$0.15 per share and expiring on December 31, 2023;
- (iii) Stock options exercisable into 400,000 common shares of the Company at a price of \$0.02 per share and expiring on July 28, 2025;
- (iv) Convertible debentures in the principal amount of \$500,000 that are convertible into 20,000,000 common shares of the Company at a price of \$0.025 per share and maturing on December 31, 2024;
- (v) A convertible debenture in the principal amount of \$438,000 that is convertible into 43,800,000 common shares of the Company at a price of \$0.01 per share and maturing on May 31, 2024; and
- (vi) 750,000 issuable common shares contingent on certain revenue targets be achieved from the sale of Golden Spruce branded cannabis products in the future.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

Risks and Uncertainties

Our business is subject to certain risks and uncertainties. Prior to making any investment decisions regarding Herbal Dispatch, investors should carefully consider, among other things, the risks described herein and in the "Risks and Uncertainties" section of our MD&A for the year ended December 31, 2022, which is incorporated by reference herein. These risks and uncertainties are not exhaustive. Additional risks presently known or currently deemed immaterial may also impair our business operations. If any of the events described in our business risks actually occur, our overall business, operating results and financial condition could be materially adversely affected.

Forward Looking Information

Certain statements in this MD&A, 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 we or a third party expect or anticipate will or may occur in the future, including our future growth, results of operations, performance, and business prospects and opportunities are forward-looking statements.

These forward-looking statements reflect our current beliefs and are based on information currently available to us. These statements require us to make assumptions we believe 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 our control. These risks include several of the factors discussed further under "Risks and Uncertainties" above. 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 MD&A and the key assumptions and risk factors involved in such statements include, but are not limited to, executing our strategic growth initiatives for 2023 and beyond, which includes: (i) growing medical sales from our online e-commerce platforms; (ii) growing recreational sales via direct delivery orders to retailers; (iii) growing revenue from manufacturing services; and (iv) achieving revenue growth from export sales. The successful execution of these initiatives is subject to a number of risks and uncertainties, including industry competition, and future customer demand for our products, among others. Forward-looking statements in this MD&A also includes our expectation that as our revenue continues to grow, our gross margin will also continue to increase in the future. This belief is subject to the assumption that our revenue will increase in the future, including from export sales, which typically earn a higher gross margin than domestic sales.

Consequently, all of the forward-looking statements made in this MD&A 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 MD&A. Except as required by applicable securities legislation, we assume no obligation to update publicly or revise any forward-looking statements to reflect subsequent information, events, or circumstances.

Herbal Dispatch Inc.

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023

Additional information

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

Corporation information

Registered Office:	Suite 1750 – 1055 West Georgia Street, Vancouver, BC V6E 3P3
Directors:	Jeremy South Philip Campbell Drew Malcolm Herb Dhaliwal
Senior Officers:	Philip Campbell, Chief Executive Officer Jason Vandenberg, Chief Financial Officer
Auditor:	Kingston Ross Pasnak LLP Suite 1500, 9888 Jasper Avenue NW Edmonton, Alberta, T5J 5C6
Transfer Agent:	Endeavor Trust Corporation 702 – 777 Hornby Street Vancouver, BC, V6Z 1S4