

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Herbal Dispatch Inc. (the “Company”)
Royal Centre, 1750 – 1055 W. Georgia St.,
Vancouver, B.C. V6E 3P3

Item 2: Date of Material Change

May 8, 2024

Item 3: News Release

The news releases attached as Schedule “A” hereto were disseminated on March 20, 2024, and May 8, 2024, through Newswire, and copies were subsequently filed on SEDAR Plus.

Item 4: Summary of Material Change

On March 20, 2024, the Company announced its intention to complete a non-brokered private placement of up to 20,000,000 units of the Company (each a “Unit”) at a price per Unit of CAD\$0.05 for gross proceeds of up to CAD\$1,000,000 (the “Placement”). Each Unit consists of one (1) common share in the capital of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”), each Warrant entitling the holder thereof to acquire one Common Share for a period of two years at an exercise price of CAD\$0.06 per Common Share.

On May 8, 2024, the Company announced that it has closed a first tranche of the Private Placement and issued a total of 8,153,000 Units for aggregate proceeds of CAD\$407,650.

Proceeds from the Private Placement will be used for working capital in support of the Company’s growth. Should the Private Placement be oversubscribed, the Company reserves the right to accept additional funds, subject to the approval of the Canadian Securities Exchange (“CSE”).

All securities issued pursuant to the Private Placement are subject to a four month hold period in accordance with applicable Canadian securities laws.

On May 8, 2024, the Company also announced that Jeremy South, has resigned as a Director and Chairman to the Company. The Company is grateful to Mr. South for his contribution throughout the years and wishes him all the best in his future endeavors.

Item 5: Full Description of Material Change

Please see the news release attached as Schedule “A” for a full description of the material change.

Related Party Participation in Private Placement

Philip Campbell, Chief Executive Officer, Jason Vandenberg, Chief Financial Officer, and Herb Dhaliwal, Director, subscribed for an aggregate of 4,453,000 Units, representing approximately 22.27% of the total Units permitted to be subscribed for under the Private Placement. As insiders, each of Messrs. Campbell, Vandenberg, and Dhaliwal are a “related party” of the Company, as such term is defined in Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“MI 61-101”). Accordingly, the Placement is a related party transaction pursuant to MI 61-101. Under Section 5.4 and 5.6,

the Company is required to obtain a formal valuation and minority shareholder approval for the Placement, respectively, unless exemptions are available.

The Company is relying on the exemptions from the formal valuation requirement and the minority shareholder approval requirement under Sections 5.5(a) and 5.7(1)(a), as at the time the transaction was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Private Placement, insofar as it involves interested parties, exceeds 25 per cent of the Company's market capitalization.

Pursuant to the closing of the Offering, Philip Campbell subscribed for 2,000,000 Units for a subscription of CAD\$100,000 which brings his total percentage of ownership of the Common Shares to approximately 6.12%; Jason Vandenberg subscribed for 453,000 Units for a subscription of CAD\$22,650, which brings his total percentage of ownership of the Common Shares to approximately 0.67%; and Herb Dhaliwal subscribed for 2,000,000 Units for a subscription of CAD\$100,000, which brings his total percentage of ownership of the Common Shares to approximately 5.99%.

The Company did not file a material change report more than 21 days before the expected closing of the Private Placement because the details of the participation therein by related parties of the Company were not settled until shortly prior to the closing of the Private Placement and the Company wished to close on an expedited basis for business reasons.

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

For further information please contact Jason Vandenberg, Chief Financial Officer of the Company at: jason@herbaldispatch.com.

Item 9: Date of Report

May 9, 2024



For Immediate Release

Schedule "A"

News Release

March 20, 2024

HERBAL DISPATCH ANNOUNCES EQUITY PRIVATE PLACEMENT

Vancouver, B.C. – Herbal Dispatch Inc. (CSE: HERB) (“Herbal Dispatch” or the “Company”) is pleased to announce that, subject to regulatory approval, the Company intends to complete a non-brokered private placement (“**Private Placement**”) of up to 20,000,000 units of the Company (the “**Units**”) at a price of \$0.05 per Unit for gross proceeds of up to \$1,000,000. Each Unit shall consist of one common share and one common share warrant (a “**Warrant**”) with each Warrant exercisable for one common share at a price of \$0.06 per share for a period of 24 months after the closing date. The Private Placement shall be completed on a best-efforts basis from eligible purchasers that shall be restricted to accredited investors or other investors meeting exemption requirements for a non-brokered private placement.

As previously disclosed, the Company continues to experience significant revenue growth both domestically and from growing demand for its products internationally. Herbal Dispatch expects to report gross sales of approximately \$2.5 million for the fourth quarter ended December 31, 2023, reflecting a 67% increase from gross sales of \$1.5 million reported in Q3 2023. For the 2023 fiscal year, the Company expects to report gross revenue of approximately \$5.7 million, an increase of \$5.3 million from gross revenue of \$0.4 million reported in fiscal 2022.

With the revenue growth achieved, Herbal Dispatch also expects to report positive adjusted EBITDA for Q4 2023.

Proceeds from the Private Placement will be used for working capital in support of the Company’s growth. Should the Private Placement be oversubscribed, the Company reserves the right to accept additional funds, subject to the approval of the Canadian Securities Exchange (“**CSE**”).

The closing of the Private Placement is expected to occur before April 5, 2024 and is subject to receipt of all necessary regulatory approvals, including the approval of the CSE. All securities issued pursuant to the Private Placement will be subject to a four month hold period in accordance with applicable Canadian securities laws.

ABOUT HERBAL DISPATCH INC.

The Company owns and operates leading cannabis e-commerce platforms and is dedicated to providing top quality cannabis to informed consumers at affordable pricing. The Company’s flagship cannabis marketplace, *herbaldispatch.com*, is a trusted source for exclusive access to small-batch craft cannabis flower and a wide-array of other product formats. The Company’s common shares trade on the Canadian Securities Exchange under the symbol “HERB”



For further information:

Philip Campbell, CEO and Director

Email: IR@herbaldispatch.com

Telephone: 1-833-432-2420

NON-IFRS MEASURES

Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation, amortization, share based compensation, loss (gain) on disposal of assets, loss (gain) on investments, loss (gain) on settlement of debt, impairment losses, loss (gain) on foreign exchange and accretion expense. The Company believes that, in addition to net income (loss), adjusted EBITDA is a useful measure as it provides an indication of the financial results generated by its principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and before certain non-cash items such as depreciation, amortization, and other items. Adjusted EBITDA does not have any standardized meaning as prescribed by IFRS and therefore, is considered a non-IFRS measure and may not be comparable to similar measures presented by other issuers.

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, executing the Company’s strategic growth initiatives for 2024 and beyond, which includes: (i) growing medical sales from its new online e-commerce platforms; (ii) growing recreational sales via direct delivery orders to retailers; and (iii) 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 the Company’s products, among others. The Company’s preliminary sales in fiscal 2023 and EBITDA in Q4 2023 remain subject to final accounting adjustments and audit.



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 the Company. 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.

THE CANADIAN SECURITIES EXCHANGE (THE "CSE") HAS NEITHER APPROVED NOR DISAPPROVED THE CONTENTS OF THIS NEWS RELEASE. NEITHER THE CSE OR ITS MARKET REGULATOR (AS THAT TERM IS DEFINED IN THE POLICIES OF THE CSE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.



For Immediate Release

News Release

May 8, 2024

HERBAL DISPATCH ANNOUNCES FIRST CLOSING OF EQUITY PRIVATE PLACEMENT & BOARD CHANGE

Vancouver, B.C. – Herbal Dispatch Inc. (**CSE: HERB**) (“**Herbal Dispatch**” or the “**Company**”) is pleased to announce that it has closed a first tranche of its previously announced non-brokered private placement financing (the “**Private Placement**”). Pursuant to the Private Placement, the Company issued 8,153,000 units (each a “**Unit**”), with each Unit being issued at a deemed price of CAD\$0.05, for aggregate proceeds of CAD\$407,650.

Each Unit consists of one common share (“**Common Share**”), and one Common Share purchase warrant (a “**Warrant**”), each Warrant entitling the holder thereof to acquire one Common Share for a period of two years at an exercise price of CAD\$0.06 per Common Share.

Proceeds from the Private Placement will be used for working capital in support of the Company’s growth. The Company may complete an additional closing of the above Private Placement, subject to the approval of the Canadian Securities Exchange (“**CSE**”).

The securities issued under the Private Placement are subject to a statutory hold period of four months from the date of issuance under Canadian Securities laws.

BOARD CHANGE

The Company also announces that effective May 8, 2024, Jeremy South has resigned as a Director and Chairman of the Company. The Company is grateful to Mr. South for his contribution throughout the years and wishes him all the best in his future endeavors. The Honourable Herb Dhaliwal, a Director the Company, has agreed to be appointed as interim Chairman of the Company until a permanent successor is appointed.

Related Party Transaction

Philip Campbell, Chief Executive Officer, Jason Vandenberg, Chief Financial Officer, and Herb Dhaliwal, Director, subscribed for an aggregate of 4,453,000 Units, representing approximately 22.27% of the total Units permitted to be subscribed for under the Private Placement, as previously announced on March 20, 2024. As insiders, each of Messrs. Campbell, Vandenberg, and Dhaliwal, are a “related party” of the Company, as such term is defined in Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). Accordingly, the Placement is a related party transaction pursuant to MI 61-101. Under Section 5.4 and 5.6, the Company is required to obtain a formal valuation and minority shareholder approval for the Placement, respectively, unless exemptions are available.



The Company is relying on the exemptions from the formal valuation requirement and the minority shareholder approval requirement under Sections 5.5(a) and 5.7(1)(a), as at the time the transaction was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Private Placement, insofar as it involves interested parties, exceeds 25 per cent of the Company's market capitalization.

The Company did not file a material change report more than 21 days before the expected closing of the Private Placement because the details of the participation therein by related parties of the Company were not settled until shortly prior to the closing of the Private Placement and the Company wished to close on an expedited basis for business reasons.

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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.



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 the Company. 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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