HERBAL DISPATCH INC.

Management's Discussion and Analysis
For the Three Months Ended March 31, 2024

(Stated in Canadian Dollars)

Dated May 27, 2024

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 May 27, 2024 to assist readers in understanding our financial performance for the three months ended March 31, 2024. This MD&A should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024, 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, 2023, 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.

This MD&A also refers to a non—IFRS financial measure "Adjusted EBITDA" that we present to assist users in assessing our performance. Adjusted EBITDA does not have any standard meaning under IFRS and may not be comparable to similar measures presented by other issuers. This measure is further described under "Non-IFRS Financial Measures".

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 May 27, 2024. 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 are a customer-centric cannabis marketplace and distribution company, focused on delivering the best possible experience to clients globally. 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. We generate revenue from four sales channels: (i) medical sales – direct to consumer; (ii) recreational sales – wholesale and direct to retailer; (iii) export sales; and (iv) co-packing and white labelling services.

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. allowed us to realize the synergies and benefits that come with aligning our name with the positive brand of Herbal Dispatch and our flagship e-commerce website, **herbaldispatch.com**.

Corporate Highlights

- In the first quarter of 2024 we reported gross sales of $1.6 million, reflecting growth of 427% from gross sales of $0.4 million reported in Q1 2023.

- In February 2024, we consolidated the common shares issued in the capital of the Company on the basis of 10 pre-consolidated common shares for 1 post-consolidated common share in order to improve the Company's capital structure**.** As a result of the consolidation, the issued and outstanding Common Shares of Herbal Dispatch was reduced to 73,627,699 common shares. All common share and per share figures in this MD&A have been restated to reflect the share consolidation.

- In April 2024, we expanded our brand portfolio with the launch of Happy Hour. The Happy Hour lineup offers consumers a blend of affordability and accessibility with a high potency-to-price ratio across a wide range of product formats, including flower, re-rolls, vapes, concentrates and edibles.

- On May 8, 2024 we completed a non-brokered equity private placement ("Private Placement") of 8,153,000 units (each a "Unit") for gross proceeds of $0.4 million. Each Unit consisted of one common share and one common share warrant (a "Warrant") with each Warrant entitling the holder thereof to acquire one common share for a period of two years at an exercise price of $0.06 per common share. Proceeds from the Private Placement are being used for working capital in support of our sales growth.

Overall Performance and Strategy

Our gross revenue in Q1 2024 increased to $1.6 million from just $0.4 million last year, reflecting the significant rate of growth we have experienced over the past 12 months and since commencing sales in Canada on the acquired marketplace **herbaldispatch.com** in the fall of 2022. However, compared to the previous quarter ended December 31, 2023, our revenue declined by $0.9 million from gross sales of $2.5 million reported in Q4 2023. This decline reflected several transitory factors, including (i) no export sales were achieved in Q1 2024 (Q4 2023 - $0.7 million); and (ii) lower seasonal demand for medical and recreational cannabis domestically.

Although we had no export sales in Q1 2024, we achieved over $600,000 in export sales in the months of April and May 2024. In addition, we expect additional export sales in June, which, along with higher demand we are experiencing domestically, should contribute to a much stronger second quarter in 2024. We are currently anticipating a record revenue quarter in Q2 2024. We also are experiencing strong interest from both existing and new export customers, which we expect will further grow our export sales volumes in the second half of the year.

We are continuing to see the benefits of our online, asset-light, customer-focused strategy, which we believe is overcoming many of the challenges that the cannabis industry has been experiencing in recent years in a highly scalable, yet capital efficient manner. Furthermore, 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.

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. These sales channel pillars include: (i) medical sales – direct to consumer; (ii) recreational sales – wholesale and direct to retailer; (iii) export sales; and (iv) co-packing and white labelling services.

Selected Financial Data

The following table displays a summary of our consolidated statements of operations for the three months ended March 31, 2024 and 2023 and a summary of select balance sheet data as at March 31, 2024 and December 31, 2023.

Three months ended $	March 31 2024	March 31 2023
Gross revenue	**1,637,610**	383,101
Net revenue	**1,271,183**	295,318
Gross profit	**113,940**	29,190
Operating expenses	**842,991**	692,308
Other expense (income), net	**68,459**	22,649
Adjusted EBITDA[(1)]	**(628,518)**	(573,845)
Net loss	**(797,510)**	(685,767)
Loss per share – basic and diluted	**(0.01)**	(0.01)

Note 1. See Non-IFRS Financial Measures.
Note 2. Basic and diluted loss per share calculated on a post 10:1 share consolidation basis.

As at $	March 31 2024	Dec 31 2023
Assets		
Cash	**213,668**	222,392
Total assets	**8,159,132**	8,186,930
Liabilities		
Current liabilities	**4,247,241**	2,573,687
Long-term liabilities	**468,960**	1,372,002
Total liabilities	**4,716,201**	3,945,689
Shareholders' equity	**3,442,931**	4,241,241

Results of Operations

Revenue

Gross revenue in Q1 2024 increased to $1.6 million from just $0.4 million last year, reflecting the significant rate of growth we have experienced over the past 12 months and since commencing sales in Canada on the acquired marketplace **herbaldispatch.com** in the fall of 2022. Excluding excise taxes, our net revenue also grew to $1.3 million from $0.3 million in the comparative quarter last year.

A breakdown of our net revenue by category for the three months ended March 31, 2024 and 2023 was as follows:

Three Months Ended $	March 31 2024	March 31 2023
Net revenue		
Direct to consumer medical sales	**369,764**	178,479
Recreational cannabis sales	**782,546**	112,054
Export sales	**-**	-
Other revenue	**118,873**	4,785
Total net revenue	**1,271,183**	295,318

Gross profit

Three Months Ended $, except gross margin %	March 31 2024	March 31 2023
Revenue - net	**1,271,183**	295,318
Costs of sales	**1,157,243**	266,128
Gross profit	**113,940**	29,190
Gross margin %	**9.0%**	9.9%

Gross profit was $0.1 million for the three months ended March 31, 2024, representing a gross margin of 9.0% on net revenue of $1.3 million. This compared to a gross profit of $29 thousand in Q1 2023, representing a gross margin of 9.9%. Our gross margins were low in both quarters presented compared to the other fiscal quarters in 2023. In Q1 2024, our gross margin was weaker due to several factors, including: (i) no export sales in Q1 2024 (typically our highest margin sales channel); (ii) weaker seasonal demand domestically for medical and recreational cannabis and (iii) price reductions on several products in Q1 2024 at or near cost to reduce inventory levels of older stock items.

As we look forward to the remainder of 2024, we anticipate that our gross margin will increase from the level experienced in Q1 2024. Our export sales generally earn a higher gross margin than domestic sales. Therefore, as we grow our export sales volumes in the future (and export sales take up a larger portion of our overall sales mix), we anticipate that our gross margin will also increase. To date in Q2 2024, we achieved over $500,000 in export sales, expect additional export sales in June, and are seeing higher demand for our products domestically compared to Q1 2024.

Operating expenses

Three months ended $	March 31 2024	March 31 2023
General and Administrative		
Personnel	**338,240**	266,218
Professional fees	**130,280**	134,899
Other operating expenses	**75,561**	58,814
	544,081	459,931
Sales and Marketing		
Personnel	**66,750**	42,500
Advertising, promotions and selling costs	**131,627**	100,604
	198,377	143,104

General and administrative expenses increased by $85 thousand to $0.5 million for the three months ended March 31, 2024 compared to the same quarter in 2023. The increase primarily consisted of higher salaries and wages associated with a higher head count. Sales and marketing expenditures also increased slightly in Q1 2024 from the comparative quarter in 2023. These increases were both due to the Company's growth over the past year.

Depreciation and amortization expense of $0.1 million in Q1 2024 was consistent with the expense incurred in the comparative quarter ended March 31, 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 months ended March 31, 2024 primarily consisted of (i) interest costs and accretion related to loans payable; and (ii) a loss of $20,000 incurred related to a loan from the Canada Emergency Business Account ("CEBA") that was assumed in a prior business acquisition. We originally recorded the CEBA loan at $40,000, representing its original issue amount of $60,000 less the expected loan forgiveness amount of $20,000. However, in March 2024, we decided not to repay the loan by the March 28, 2024 deadline, thereby extending the maturity date until December 31, 2026. As the Company no longer qualifies for partial loan forgiveness, a loss on settlement of debt in the amount of $20,000 was recognized during the three months ended March 31, 2024.

Net loss

Our net loss for the three months ended March 31, 2024 was $0.8 million compared to a loss of $0.7 million in Q1 2023. The higher net loss was primarily due to higher operating expenses, as discussed above.

Summary of Quarterly Data

Quarter ended $ (000's, except per share)	**Mar 2024**	Dec 2023	Sept 2023	June 2023	Mar 2023	Dec 2022	Sept 2022	June 2022
Gross sales	**1,638**	2,484	1,484	1,385	383	230	105	9
Net revenue	**1,271**	2,115	1,174	1,159	295	189	101	9
Net loss	**(798)**	(451)	(533)	(402)	(686)	(1,906)	(778)	(1,374)
Loss per share – basic and diluted(1,2)	**(0.01)**	(0.00)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.03)

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.

Note 2: Loss per share amounts calculated on a post 10:1 share consolidation basis.

The past 8 fiscal quarters represented a transition and rebuilding period for our Company. In Q3, 2022, our revenue 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 $2.5 million in Q4 2023 from $1.5 million in Q3 2023, $1.4 million in Q2 2023, $0.4 million in Q1 2023 and $0.2 million in Q4 2022.

Our revenue in Q1 2024 declined to $1.6 million from $2.5 million in Q4 2023. The decline was due to not generating any export sales in Q1 2024 (Q4 2023 - $0.7 million) as well as lower seasonal demand for or cannabis products domestically in the quarter. With the lower sales volumes, our net loss also increased in Q1 2024 from the prior quarter.

We experienced strong revenue growth in Q4 2023 with sales growing across all sales channels. Domestically, sales volumes increased to $1.8 million from $1.5 million in the previous quarter ended September 30, 2023. In addition, Q4 2023 included export sales of $0.7 million (compared to $nil in Q3 2023).

Our revenue in Q3 2023 was flat with Q2 2023 because we did not achieve any export sales in that 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.

As our revenue volumes and gross profit are not yet sufficient to cover our operating expenditures, we reported a net loss in each of the past 8 fiscal quarters.

Financial Condition and Liquidity

As at $	**March 31** **2024**	Dec 31 2023
Current assets	**2,379,244**	2,308,280
Total assets	**8,159,132**	8,186,930
Current liabilities	**4,247,241**	2,573,687
Total liabilities	**4,716,201**	3,945,689
Shareholders' equity	**3,442,931**	4,241,241
Working capital(1)	**(1,867,997)**	(265,407)
Three months ended $	**March 31** **2024**	March 31 2023
Cash flows used in operating activities	**(81,974)**	(566,115)
Cash flows used in investing activities	**(1,771)**	(2,830)
Cash flows provided by (used in) financing activities	**74,448**	(35,003)

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

Working capital

Our working capital position declined to negative $1.9 million at December 31, 2023 from negative $0.3 million at December 31, 2023. The $1.6 million decrease was primarily due to loans payable in the amount of $0.9 million being reclassified as a current liability at March 31, 2024. The loans payable are scheduled to mature on January 31, 2025. The remainder of the reduction was due to our loss from operations in Q1 2024. At March 31, 2024, our cash position remained flat at $0.2 million compared to $0.2 million at December 31, 2023.

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").

In fiscal 2023 and the first quarter of 2024, we conserved cash and managed 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 and an additional $100,000 from the President & CEO in February 2024. These amounts were utilized to subscribe for common shares in our May 2024 equity Private Placement.

In May 2024, we completed a non-brokered equity Private Placement of 8,153,000 Units for gross proceeds of $0.4 million. Each Unit consisted of one common share and one Warrant with each Warrant entitling the holder thereof to acquire one common share for a period of two years at an exercise price of $0.06 per common share. Proceeds from the Private Placement are being used for working capital in support of our sales growth.

Philip Campbell, Chief Executive Officer, Jason Vandenberg, Chief Financial Officer, and Herb Dhaliwal, Director, subscribed for an aggregate of 4,453,000 Units as part of the Private Placement. 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.

Cash used in operating activities

Cash used in operating activities during the three months ended March 31, 2024 was $0.1 million (Q1 2023 - $0.6 million). In both Q1 2024 and Q1 2023, we did not generate sufficient revenue and gross profit to cover our operating expenses.

Cash used in investing activities

During the quarter ended March 31, 2024, we incurred a nominal amount of capital expenditures on miscellaneous equipment to support business operations.

Cash used in financing activities

Net cash provided by financing activities was $74 thousand for the three months ended March 31, 2024, which consisted of a $100,000 advance from the Company's President & CEO, partially offset by principal repayments on our right of use lease liability.

At March 31, 2024 and December 31, 2023, we had outstanding an unsecured convertible debenture with a principal amount of $500,000 owing to a director and shareholder of the Company. This debenture has an annual coupon rate of 14% per annum, payable monthly, and matures on January 31, 2025. The debenture is also convertible, at the holder's option, into common shares of the Company at $0.50 per share, and at the Company's election, during any period where the trading price of the Company's common shares is $1.00 or greater for a period of 20 consecutive trading days.

Our loans payable at March 31, 2024 and December 31, 2023 also included a convertible debenture with a principal balance of $438,000 owing to a company controlled by a different director and shareholder of the Company. This debenture has a coupon rate of 14% per annum, payable monthly, and matures on to January 31, 2025. The debenture is also convertible, at the holder's option, into common shares of the Company at $0.50 per share, and at the Company's election, during any period where the trading price of the Company's common shares is $1.00 or greater for a period of 20 consecutive trading days.

Shareholders' Equity

Shareholders' equity decreased to $3.4 million at March 31, 2024 from $4.2 million at December 31, 2023. The statements of shareholders' equity included in the accompanying condensed interim consolidated financial statements for the three months ended March 31, 2024 provide a schedule showing changes to all of the components of shareholders' equity during the period. The decrease of $0.8 million was attributable to the net loss incurred for the quarter.

Related Party Transactions

Three months ended $	March 31 2024	March 31 2023
Key management personnel compensation		
Wages and benefits and management fees	**67,620**	78,070
Directors' fees	**30,000**	30,000
	97,620	108,070

For the three months ended March 31, 2024, we defined key management personnel as being the Chief Executive Officer and Chief Financial Officer. During the three months ended March 31, 2024, we also incurred interest expense of $36 thousand (Q1 2023 - $7 thousand) related to convertible debentures owing to directors and shareholders 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

	May 27 2024	March 31 2024
Common Shares outstanding(1)	**81,780,699**	73,627,699

Note 1. Common share amounts are presented on a post 10:1 share consolidation basis.

As at May 27, 2024, we also had outstanding:

(i) Warrants to acquire 2,765,600 common shares of the Company at an exercise price of $0.50 per share and expiring on October 26, 2024;
(ii) Warrants to acquire 8,153,000 common shares of the Company at an exercise price of $0.06 per share and expiring on May 8, 2026;
(iii) Stock options exercisable into 40,000 common shares of the Company at a price of $0.20 per share and expiring on July 28, 2025;
(iv) A convertible debenture in the principal amount of $500,000 that is convertible into 1,000,000 common shares of the Company at a price of $0.50 per share and maturing on January 31, 2025;

(v) A convertible debenture in the principal amount of $438,000 that is convertible into 876,000 common shares of the Company at a price of $0.50 per share and maturing on January 31, 2025; and
(vi) 75,000 issuable common shares contingent on certain revenue targets be achieved from the sale of Golden Spruce branded cannabis products in the future.

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, 2023, 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.

Financial Instruments – Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk from its cash is very limited as it holds its cash with highly rated financial institutions.

The Company has moderate exposure to credit risk related to its trade and other receivables. The risk exposure is limited to its carrying amount at the balance sheet date. The Company provides credit to its business customers in the normal course and has established credit evaluation and monitoring processes to mitigate this credit risk. The Company's exposure to credit risk related to direct-to-consumer sales is limited as the majority of these sales are transacted with credit cards at the time the sale is completed.

Loan receivable from Enhanced Pet Sciences Corp. ("EPS")

The Company is exposed to significant credit risk associated with its loan receivable from EPS. On January 28, 2020 the Company entered into a secured loan agreement with EPS for USD $500,000. The loan bears interest at 8% per annum, is secured by collateral security as well as guarantees from certain principals of EPS and was initially due on December 31, 2020.

On April 15, 2021, the loan agreement was revised and the maturity date extended to December 31, 2021. Outstanding interest of USD $36,995 was rolled into the principal balance of the loan making the new outstanding loan balance USD $536,995. The revised agreement also provided the option for the Company to convert the loan into common shares of EPS at a fixed value of $0.20 per common share with 10 days written notice at any time up to the maturity date. The interest and security collateral terms remained the same.

On November 24, 2021, the Company signed an additional extension agreement for the loan receivable. Under the terms of the extension, the loan now matured on December 31, 2022. EPS made a USD $40,000 prepayment and agreed to an additional USD $40,000 payment to be made by June 30, 2022. In addition, EPS agreed to pay to the Company either a USD $10,000 payment or an additional USD $20,000 in common shares of the Borrower at CAD $0.20 per share by February 28, 2022, at the election EPS. On February 28, 2022, EPS issued to the Company 50,880 common shares at a deemed price of CAD $0.50 per share (post 2.5 to 1 share consolidation).

The loan receivable is now past due and in default. The Company attempted to work with EPS to obtain a mutually satisfactory repayment plan, but was unsuccessful in these efforts. In the first quarter of 2024, the Company commenced litigation against EPS and the guarantors. Subsequent to March 31, 2024, and as part of EPS's defence strategy, EPS filed a counter suit against the Company in the State of Kentucky for unspecified damages pertaining to an unfulfilled lease agreement and failed negotiations related to a potential plan of arrangement between the two companies in early 2020. EPS has also alleged that the loan should be considered an advance of funds for transition steps in the plan of arrangement and not be enforceable against EPS or its Guarantors. The parties entered into a non-binding letter of intent in January 2020 regarding a potential plan of arrangement. The letter of intent expired on March 30, 2020. The Company does not believe the counter suit has any merit.

We expect that we will eventually be successful in collecting on the loan receivable from either EPS or its guarantors. However, due to the nature of a litigation process, it is uncertain when the loan receivable will be collected.

The company currently recognizes the loan receivable at is estimated fair value of $0.4 million. This represents a substantial discount against the full balance owing, given the credit risk and expected time it will take to successfully collect the loan receivable from EPS or its guarantors. The full loan balance outstanding including accrued interest at March 31, 2024 approximated USD $0.6 million (CAD $0.9 million).

Non-IFRS Financial Measures

This MD&A contains the Non-IFRS financial measure "Adjusted EBITDA". Adjusted EBITDA does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other issuers. Investors are cautioned that this financial measure should not be construed as an alternative to net income or to cash provided by operating, investing and financing activities determined in accordance with IFRS, as indicators of our performance.

Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation, amortization, share based compensation, loss (gain) on sale of assets, loss (gain) on investments, loss (gain) on settlement of debt, impairment losses, loss (gain) on foreign exchange and accretion expense. We believe that, in addition to net income (loss), adjusted EBITDA is a useful measure as it provides an indication of the financial results generated by our 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.

A reconciliation of net loss to adjusted EBITDA for each of the periods presented in this MD&A follows:

Three months ended $	March 31 2024	March 31 2023
Net loss	**(797,510)**	(685,767)
Add/subtract:		
Interest and other	**48,091**	14,338
Loss on settlement of debt	**20,000**	-
(Gain) loss on foreign exchange	**(575)**	1,733
Accretion expense	**943**	6,578
Depreciation & amortization	**100,533**	89,273
Adjusted EBITDA	**(628,518)**	(573,845)

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 2024 and beyond, which includes growing our sales both domestically and via export. 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 gross margin will increase in future quarters. 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.

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:	Philip Campbell Herb Dhaliwal Drew Malcolm
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:	Odyssey Trust Company 350 – 409 Granville Street Vancouver, BC, V6C 1T2