



**LUFF ENTERPRISES LTD.**  
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**June 24, 2020**

**Luff Enterprises Ltd. – AGM Presentation June 24, 2020**

Thanks, Jeremy, for the introduction and for leading today's AGM.

Thanks to Rod Kirkham at DS Advocats for hosting us today.

And thanks to all our shareholders who are with us remotely during these unusual circumstances.

The last two years have been extremely challenging for the company and for our shareholders. Our Canadian licenses were revoked (unfairly in our view), we underwent an incredibly expensive CCAA process, and endured several management changes.

Following the approval of the Directors and Management at today's AGM we are putting this behind us and entering an exciting new phase of the business which I'd like to take a few moments to share with you.

As we will be announcing shortly we have appointed Liz Coles to the role of CFO and John Sweeney to the role of COO. I am incredibly excited to be leading the company along with Liz and John. I have no doubt that with our combined knowledge and experience we will be able to quickly establish the company as a leader in our industry. Liz is a CPA and has been with the Company since 2017. She brings a wealth of public and private company experience. John has worked with the Company previously and brings tremendous knowledge of pharmaceutical and cannabis operations experience to the team.

I would like to thank Mark Lotz for his contributions to the company as a Director, CFO and Interim CEO over the last year in which he handled many challenging situations. Mark is continuing to work with the Company as a consultant to ensure a smooth transition over to Liz, our new CFO.

I would also like to thank David Hurford for his contributions as a Director of the Company over the last year.



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With the CCAA process behind us, we are intent on leveraging the many strengths of the company. We have tremendous physical assets, licenses, intellectual property, SOPs, and most importantly - experience. We are determined to execute a focused business plan predicated on solid financial metrics by driving significant revenues, with strong gross margins while minimizing our overheads. This strategy is due to our fundamental belief that the best return for shareholders will ultimately come from delivering strong financial metrics in the years ahead.

In the past the company had developed and manufactured well over 100 SKUs so we have all of the necessary experience, SOPs, suppliers, licenses, and so forth, to allow us to rapidly develop and launch our business plan. The Oregon cannabis market was about \$800MM in 2019 while the Nevada Cannabis market was about \$800MM. These markets are reaching maturity with only 5-10% annual growth forecasted in the years to come. These conditions make it increasingly difficult to get shelf space for our products in this fiercely competitive marketplace, thereby driving up costs and reducing margins.

As a result, we have decided to focus our efforts on the federally legal national hemp and CBD market which was legalized with the passing of the 2018 Farm Bill. This market was about \$1.2bn in 2019 and is expected to grow significantly over the next several years. This rapid market expansion is a much more desirable market for us to focus our efforts as it is expected to grow to over \$10bn annually in the next five years, allowing us to build a scalable manufacturing business in a federally legal industry.

Critically for us, with existing operations infrastructure, supply arrangements, distribution and an experienced team we believe we can generate strong sales in the hemp market, as early as Q4 2020. Requiring limited initial capital, we plan to grow profitably as the first step in a national hemp market growth strategy.

Initially we are developing a line of Luff branded products which will be sold nationally in the USA and exported to other legal markets, as those opportunities present themselves. The initial product formats we will be making are gummies, tinctures, topicals and gel capsules. There will be two variations of each format which will be targeted toward specific user need states. Thus, initially we will be manufacturing 8 SKUs in total which we will be selling with a business to business strategy. We are on target to have all of our products in inventory and ready for sale in Q4 of this year and with sales commencing soon afterwards. We will look to diversify our product offering in the future once these initial products have gained market presence, distribution and traction. These new products that we bring to the market will be through the introduction of new sizes or formulations of our existing product formats, or with the introduction of entirely new product formats.

These four product formats capture about 80% of the current legal hemp/CBD market and are products that we have the equipment and experience already as we have made them in the past.



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This strategy drastically reduces our time to market, execution risk and capital cost requirements as we have most of the equipment already. With this determined and focused approach we will not be allocating resources or capital towards cultivation, research or other non-essential areas of the business, instead we will focus on manufacturing high quality products with a compelling brand which are sold at reasonable prices. We will also minimize our expenditures on non-essential overhead costs and let sales drive the expansion of our business. We believe this approach will maximize the existing assets of the Company, provide a solid financial foundation to expand upon and, ultimately, deliver significant returns over the medium term for our patient shareholders.

In 2021 we intend to launch an e-commerce platform to facilitate direct business-to-consumer sales which will allow us to capture larger margins on the sale of our products. As the business grows in the months and years ahead we will keep an eye to strategic and accretive expansion opportunities that align with our goal to become a financially viable company as quickly as possible.

Due to our focus on the national hemp market we have some attractive assets which we intend to leverage. We own our facility in Las Vegas unencumbered which holds a cultivation and manufacturing license under the medical and recreational system in Nevada. We believe these assets have grown in value over the past 18 months. We will pursue strategic opportunities to maximize these assets, either through a sale, lease, JV or partnership.

If anyone listening today has any distribution or sales opportunities for our products or potential partners or buyers for our LV facility, I invite you to reach out to me by email so that we can discuss these opportunities.

Lastly, I would like to thank our devoted shareholders for their patience and support over the years. It has been a tremendous learning opportunity over the last number of years for me and one that I reflect on often. With the legal hemp market poised to grow strongly, I believe that we are incredibly well positioned to leverage that experience and many insights drawn from that of our competitors to chart a new and brighter course for Luff.

If you have any questions, please do not hesitate to reach out to me. Good winds.

**Questions from Shareholders:**

1. What is the capital budget required to execute the company's plans in Oregon?
  - Since the company has already made these products in the past a lot of the equipment is already installed and operational in the facility. Any remaining equipment that is needed is expected to be less than \$100K USD.
  
2. Outside of the reliance on the potential exercising of warrants at the amended strike price, how does the company plan on raising the funds required?
  - The Company is focused on streamlining operations, being fiscally judicious and minimizing committed costs to reduce the need for additional capital. Any capital required would be through either debt or equity, depending on what is deemed prudent for the Company at the time.
  
3. What is planned with the LV asset?
  - As previously mentioned, the Company is currently reviewing different alternatives to maximize the return on our LV assets. We would consider a sale, lease, JV or partnership and intend to explore those options over the months ahead.
  
4. There was a 500k loan issued to the parent co of AG Tech Scientific prior to exiting CCAA. What is the relationship with AG Tech Scientific and is there a partnership, JV or other agreement planned?
  - Luff is a shareholder and supporter of Ag Tech Scientific. At this time, there are no formal agreements in place between the companies that haven't been disclosed previously. They will be our supplier of some of the raw materials we will use in our manufactured products.