



For Immediate Release

News Release

July 21, 2021

Luff Enterprises Provides Corporate and Operations Update

Vancouver, B.C. – Luff Enterprises Ltd, (CSE: LUFF) (“LUFF” or the “Company”) is pleased to provide a corporate and operational update, and preview of headline financial results for the second quarter ended June 30, 2021.

The Company continues to focus its efforts on growing sales of its core suite of hemp derived CBD wellness products primarily through online channels.

These efforts are showing signs of success, and our heavy investment in inventory, new team members, and focused marketing spend is driving good sales velocity.

While the US market remains competitive, our early success in growing sales is highly encouraging. We are seeing repeat buyers and are exploring a subscription model for select products.

Second Quarter Preliminary Unaudited Financial Highlights (All amounts stated in CAD unless otherwise noted)

- Achieved unaudited net revenue of \$245,640, an increase of 248% over Q1 2021 sales of \$70,598
- Estimated gross profit margin of 37% in Q2, versus 32% in Q1 2021
- “Sale ready” inventory at retail sales value of over \$3m

We are committed to establishing multiple distribution channels, attaining consistent and recurring revenue streams, and scaling manufacturing capabilities in Portland.

Concurrent to developing the US market, we continue discussions with partners for expansion into new and promising international markets, like Mexico and Europe, with the aim of replicating the D-to-C model in these markets.

Update on Sale of Nevada licenses and Facility

As outlined in our recent filings, we made the decision to divest our Nevada licenses and building for approximately \$6m, and concentrate our resources on our existing full-service manufacturing facility in Portland, Oregon.

We expect the sale to close in September 2021 and will use the net proceeds to invest in equipment to expand operational capacity. We will also expand our existing D-to-C pipeline by allocating more money into advertising in channels, where we are seeing a strong return-on-ad-spend (ROAS).



The sale is subject to customary closing conditions in addition to approval by the Nevada Cannabis Compliance Board.

LUFF CEO Philip Campbell commented, "We are extremely happy with the growth of our online sales in the second quarter: over 3x the sales of the first quarter. Our targeted advertisements combined with data driven algorithmic marketing strategy is showing promising early results and good market acceptance of our best-in-class products. We have built a strong inventory in high velocity products and the margins are holding up well. We expect this profitable growth to continue, as we ramp up in the quarters ahead. With the Nevada facility sale on track to complete in the next 60 days, we will have additional capital to invest in scaling sales."

About Luff Enterprises Ltd.

LUFF Brands is a CBD lifestyle company, focused on providing premium quality, innovative products across the United States. Committed to plant-based science, LUFF produces a suite of thoughtfully designed products.

The Company focuses on unique formulations leveraging cannabinoids such as CBG and CBN; and boosts them with superfood ingredients to empower people to realize the full potential of everyday life. LUFF's scientifically formulated products are non-GMO, THC-free, 3rd party tested, and only crafted with hemp grown in the United States.

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This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements include, but are not limited to, the anticipated timing of the sale of the Company's Nevada facility. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to general business, economic, competitive, political, and social uncertainties. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place



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