experion

EXPERION HOLDINGS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED NOVEMBER 30, 2019

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Experion Holdings Ltd. ("Experion" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended November 30, 2019. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the year ended November 30, 2019 and 2018 and related notes thereto. The results for the year ended November 30, 2019 are not necessarily indicative of the results that may be expected for any future period.

All financial information contained in this MD&A is current as of May 11, 2020 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars, unless otherwise specified.

Additional information regarding the Company is available on SEDAR at www.sedar.com, and the Company's website www.experionwellness.com. The date of this MD&A is May 11, 2020.

FORWARD LOOKING STATEMENTS

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic conditions, general business conditions, limited time being devoted to business by directors, escalating professional fees and transaction costs, competition, stock market volatility, and unanticipated operating events and liabilities inherent in industry.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in the current general business and economic conditions; that there is no unanticipated fluctuation of interest rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Company receives regulatory and governmental approvals as are necessary on a timely basis; that the Company is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Company's activity costs; that the Company is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that no environmental and other proceedings or disputes arise; and that the Company maintains its ongoing relations with its employees, consultants and advisors.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive.

The global pandemic related to an outbreak of the novel coronavirus disease ("COVID-19") has cast uncertainty on each of these assumptions. There can be no assurance that they continue to be valid.

Given the rapid pace of change, it is premature to make further assumptions about these matters. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial effect on our business is not known at this time. These impacts could include, amongst others, an impact on our ability to obtain debt or equity financing, increased credit risk on receivables, impairment of investments, impairments in the value of our long-lived assets, or potential future decreases in revenue or profitability of our ongoing operations. See “Risk Factors”.

Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company’s actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

The forward-looking statements contained herein are based on information available as of May 11, 2020.

COMPANY OVERVIEW

Experion Holdings Ltd. (formerly Viridium Pacific Group Ltd.) continued under the Canada Business Corporations Act September 20, 2017 after the reverse take-over of the predecessor company, Morro Bay Resources Ltd. as Viridium Pacific Group Ltd. Experion Holdings Ltd. (“Experion” or the “Company”) is a publicly traded corporation listed on the TSX Venture Exchange (TSX-V: EXP), the OTCQB Venture Exchange (OTCQB: EXPFF) and the Frankfurt Stock Exchange (FSE: MB31).

Experion is the parent company of Experion Biotechnologies Inc., a Health Canada licensed cultivator and processor based in Mission, British Columbia, Canada; whose principal business is the production, distribution and sale of cannabis products in Canada.

On February 11, 2019, the Company completed the acquisition of EFX by way of an amalgamation. EFX is a biotech company located in Calgary, Alberta, Canada; focused on medical and wellness cannabis applications and treatments. It developed several proprietary formulations for pain control, as well as a suite of value-added wellness products.

CORPORATE HIGHLIGHTS

Strategic Focus

Experion’s strategic focus and current success is distributing and selling true premium craft flower under our consumer brand, Citizen Stash. Citizen Stash has been servicing the premium craft consumer market since the fourth quarter of 2019. Our cannabis is valued in the marketplace for consistently providing a superior consumer experience and often sells out quickly once it hits retail shelves. The lack of premium craft flower in the market and our brand reputation assists in protecting the Company from downward price pressures compared to producers of low or medium quality products.

To continue to increase offerings of premium cannabis products and drive revenue and profitability, the Company is expanding cultivation capacity and strain variety through contract purchases and grow partnerships with other licensed producers. We continue to receive increasing requests for our commercially viable genetics, grow experience and access to retail distribution from other licensed cultivators. In turn, the Company offers a clone buy-back program allowing it to commercialize strains, increase revenue, and deepen and develop contracts into longer term grow partnerships without large capital deployment. As a result, the Company expects further contract grow agreements and relationships with our industry partners over the coming quarters.

Production and Operational Highlights

The Company is focused on being a cultivator and distributor of cannabis without the need to invest in large-scale capital projects which would involve high overhead costs, major capital commitments, integration difficulties and potential quality issues. To achieve this objective, the Company is committed to perfecting processes and products before growing scale.

Throughout fiscal 2019, the 14,500 square foot facility in Mission, BC has been optimized to cultivate true BC craft premium flower and to efficiently process, package and distribute cannabis products to the consumer market throughout Canada. Staying small and focused on quality has provided several advantages; most notably, our ability to acquire the necessary licensing and retail distribution to generate revenue.

These are a few of the Company's operational successes over the past two quarters:

- Over 50 Harvests at our Mission, BC facility. Many competitors granted licenses at the same time as Experion are still attempting to build teams that can execute and earn revenue.
- Cultivation team has continuously achieved 3 pounds per light of flower (a well-known industry performance indicator), sold all cannabis produced and introduced multiple commercial premium craft strains now available in five provinces and two territories across Canada.
- Increased Licensed Space: Capital improvements initiated at the facility in Q2 2019 are now complete and have received Health Canada licensing. These processing improvements enable Experion to further monetize the facility through:
    - Increased premium cannabis flower cultivation capacity;
    - Quadrupled (4x) packaging and distribution capabilities; and
    - Increased processing space to develop and distribute strain specific value-added products, including pre-rolls, allowing us to diversify our product offerings.
- Since the beginning of the fiscal year, we processed 180,142 grams of dried flower from our supply partners to be sold through our retail distribution channel.

The Company's key strategic objectives continue to center around revenue generation and rightsizing of operations. The following is a summary of Experion's efforts to reduce go forward operational expenses by at least 30% with the aim of near-term profitability:

- Reduced office expenditures including closures of certain offices deemed unnecessary;
- Terminated roles considered redundant;
- Hibernated the clinical trial and related research;
- Eliminated and renegotiated consulting and services fees; and
- Optimized business processes and functions.

Brand and Product Development

Citizen Stash – Consumer Brand

Experion's consumer brand, Citizen Stash, is currently being sold in five provinces and two territories across Canada through provincial and private licensed retailers. Brand recognition was quickly established with the Company's award-winning strain "Lemon Zkittle" and followed with the introduction of our highest THC level strain yet, "MAC1". Consumer response to MAC1 and the other strains introduced in the first quarter of 2020 have been well received, with shipments often selling out in hours.

These are some of Citizen Stash's recent successes:

- Named Top 5 Product 2019: Citizen Stash's Lemon Zkittle outranked hundreds of regional and national brands at the Canadian Cannabis Awards.
- Fastest Selling Brand: Citizen Stash products consistently sell out within hours once delivered to provincial distributors.
- First to Market Unique Cannabis Strains:
    - Citizen Stash Original Mac1 premium flower tested at a defying 29.6% THC level in the first harvest. Only a handful of flower strains in the market have ever reached this THC level.
    - Citizen Stash Original Creamsicle strain's terpene profile tested over 11% with 22% THC creating one of the best flavoured highest terpene strains on the market.
    - We were first to the recreational market in Canada with Lemon Zkittle; now a staple throughout Canada.
- Relaunch of Citizen Stash website: Newly redesigned website was launched for our acclaimed brand, Citizen Stash, www.citizenstash.com, featuring a new look and more information for consumers and business partners on our brand and the products we offer in the retail space.

Our premium craft products are supported by our established genetic bank of high-quality commercially viable strains allowing Experion to launch first to market, craft premium strains for years to come. Retail is all about the next "new" thing; developing premium first to market products is key to continuously driving Experion's retail sales growth and path to profitability. Our plan for the current year is to introduce three new strains on top of our mainstream products.

Our ability to process and distribute other licensed producers dried flower creates a unique opportunity to offer a diverse range of cannabis strains and allow for other cannabis products to be introduced into the consumer market such as pre-rolls and concentrates.

Kanabé Goods Co. (Kanabé) - Health and Wellness

Kanabé products are intended for everyday use and will further advance the Company's growth strategy to establish a strong national footprint and to further build its brand presence in various jurisdictions within Canada. The Company has entered a letter of intent with the province of Quebec for low dosed capsules serving those looking for a micro-dose option.

Product Distribution

A strong consumer brand needs to be underpinned by an established retail distribution network. In just over a year, Experion has gone from no provincial distribution to now serving five provinces: British Columbia, Alberta, Yukon, Manitoba and Saskatchewan; and two provinces Yukon and Northwest Territories. The Company recently executed a letter of intent to distribute to Quebec and will soon have a presence in Ontario. We are actively engaging retailers that represent over 220 retail stores in the provinces of Alberta and Ontario alone.

Strategic Investments

In the fourth quarter of 2019, the Company entered into a non-binding term sheet as well as made an equity investment in an industry partner, True North Cannabis Corp. The investment gives Experion direct access to True North's premium hemp-based CBD biomass starting with at least 6,000 kilograms each year going forward. Direct access to quality biomass is key as Experion positions itself to be a contender in the hemp-CBD sector; and expands the Company's ability to substantially increase the service offering of extraction services and added white label manufacturing services.

The industrial Hemp market is forecasted to reach $13.03 billion (USD) by 2026. Experion sees hemp derived CBD products as a way to leverage access in the US as several US companies have approached us for co-branding opportunities in both countries. Furthermore, in Europe and beyond, the hemp market opportunity is expanding with early acceptance for hemp-derived CBD products in various countries including the EU, Mexico and Asia.

Medical Research

EFX Laboratories Inc. ("EFX"), was acquired in February 2019 and is focused on medical applications and treatments using cannabis, and has developed several proprietary formulations for pain control; as well as a suite of value-added medical products. Through EFX, Experion was sponsoring a Phase III Clinical research trial in Canada on the use of cannabis for post-operative pain management with the aim of preventing the over-subscription of opioids. This clinical trial application has been temporarily hibernated as the Company focuses on the core business strategy.

Listings on the OTCQB Venture Market and Frankfurt Stock Exchanges

Experion qualified for a listing on the OTCQB Venture Market; and subsequently obtained Depositary Trust Company ("DTC") eligibility. The common shares of Experion are trading under the ticker symbol "EXPFF." This is an important milestone for the Company as it aims to increase its presence among American retail and institutional investors. This move provides investors with additional liquidity and increased trading capacity; reaffirming the markets that the Company is committed to unlocking value for our shareholders.

Name Change to Experion Holdings Ltd.

On June 10, 2019, Experion changed its name from Viridium Pacific Group Ltd. to Experion Holdings Ltd. and changed its trading symbol from "VIR" to "EXP" on the TSXV. A focused brand strategy, under one corporate brand, brings alignment to the market and our shareholders. It allows Experion to better communicate its value proposition as management works to unlock value and communicate our accomplishments to the market and stakeholders. On June 19, 2019, the Company began trading on the U.S. listing OTCQB Venture Market under the trading symbol "EXPFF".

SELECTED FINANCIAL INFORMATION

	For the three months ended		For the year ended		
Selected Statements of Loss Information (in $)	**November 30, 2019**	**August 31, 2019**	**November 30, 2019**	**November 30, 2018**	**November 30, 2017**
Revenue	631,978	172,877	1,567,289	771,938	-
Gross (loss) profit	(51,952)	53,229	(216,873)	224,472	-
Expenses	1,669,107	1,520,776	5,965,726	5,030,350	1,936,942
Other (expense) income	(8,257,947)	(240,570)	(10,205,464)	-	(1,669,505)
Net loss and comprehensive loss	(10,512,463)	(940,424)	(16,153,827)	(4,805,878)	(3,606,447)
Basic and diluted loss per share	(0.11)	(0.01)	(0.18)	(0.10)	(0.28)
Weighted average number of common shares outstanding	99,027,936	98,808,156	88,953,134	47,600,360	12,918,861
Adjusted EBITDA[1]	(1,942,459)	(626,493)	(5,166,857)	(2,400,064)	(2,976,666)

1. Defined as comprehensive loss for the period before interest, taxes, depreciation and amortization adjusted for other one-time and non-cash items, which is a non-GAAP measure discussed in the "Adjusted EBITDA" section.

	As at		
Selected Statements of Financial Position Information (in $)	**November 30, 2019**	**November 30, 2018**	**November 30, 2017**
Cash and cash equivalents	4,968,351	1,607,950	2,597,108
Inventory	583,921	281,240	-
Other working capital	520,015	(158,623)	74,794
Non-current assets	10,127,656	3,630,370	2,975,930
Equity	16,068,400	5,360,937	5,647,832

Revenue

The Company continued to show revenue growth in net revenue for the three months ended November 30, 2019, compared to the three months ended August 31, 2019. Total cannabis net revenue increased to $631,978 in Q4 2019, an increase of $459,101 or 266% from the prior quarter. Revenue growth was primarily fueled by increased premium consumer cannabis sales which had a higher than industry average net selling price of $6.48 per gram during the quarter. The significant increase in dried cannabis supply available for sale and sold during the fourth quarter is due the Company launching 3 new consumer strains which it had researched, developed and cycled through the cultivation process in the prior quarter to distribute to the consumer market. The development of these strains decreased revenue in the prior quarter from the investment of time and space to the research and development of these strains. Through the process, one strain, MAC1, was selected and launched across all distribution channels at our highest net selling price yet, resulting in increased revenue in Q1 2020.

Genetic research and strain development is a key proponent to success to keep up with market demands and competition but can have quarterly revenue impact at our current scale and cultivation capacity. However, the commercial benefits are long term increasing the Company's profits with higher margin strains. Once the Company develops a commercially viable strain, it is transitioned to our grow partners for cultivation.

Combined revenue for the third and fourth quarter of 2019 was $804,855, compared to the combined revenue for the first and second quarter of 2019 of $762,424 due to the impact of capital improvements at the facility to increase cultivation and processing licensed space that were necessary to support the shift in sales from wholesale to consumer; as well, genetic and strain development to support the retail launch.

Revenue for three months ended February 20, 2020, were $803,655 compared to $631,978 in the prior quarter. Consumer cannabis sales in the first quarter of 2020 exceeded the latter half of 2019 showing positive growth momentum.

The Company expects demand for our products to increase as the Canadian consumer market evolves, retail expands, and brands become established. As demand increases, management is focused on sourcing, partnering and ramping up supply with contract purchases and grow partners to sell into the Canadian consumer market; as well as, introducing other higher margin products, such as soft gel capsules and pre-rolls, into our product portfolio.

Cannabis revenue was $1,567,289 for the year ended November 30, 2019, compared to $771,938 in the prior year. The Company obtained its license to sell cannabis in August 2018 and did not recognize sales until the fourth quarter of 2018. Revenue during fiscal 2019 was significantly impacted by the capital improvements at the facility to increase both cultivation and processing capacity. These improvements created temporary logistical challenges; ultimately, increasing some the processing time of dried cannabis. The renovations were substantially completed in the fourth quarter of 2019.

Gross Margin

Gross margin on gross consumer cannabis sales, excluding the impact of fair value changes, for the three months ended November 30, 2019, was negative 18% compared to negative 23% for the three months ended August 31, 2019. Despite the increase in dried cannabis sales at the higher than industry standard average net selling price, the gross margin is negative as a result of the capital improvements affecting cultivation and processing of cannabis at the site in Q4 2019. Management expects improvement in gross margin in future quarters as the site continues to realize economies of scale, improve efficiencies in its own cultivation and distribute other licensed producers' cannabis at fixed costs per gram.

Gross margin on gross consumer cannabis, excluding the impact of fair value changes, for the year ended November 30, 2019, was negative 15% compared to a positive margin of 22% in the prior year. The decline in our gross margin was a result of higher production and packaging costs incurred for consumer cannabis vs. wholesale cannabis to comply with the stringent regulatory requirements of the Cannabis Act.

Cash Cost of Sales of Dried Cannabis and Cash Cost to Produce Dried Cannabis Sold

	For the three months ended		For the year ended	
	November 30, 2019	August 31, 2019	November 30, 2019	November 30, 2018
Total consolidated cost of sales	645,257	200,025	1,651,511	599,201
Adjustments:				
Cost of clone sales	(6,458)	(5,907)	(24,448)	-
Depreciation and amortization	(59,991)	(51,084)	(210,312)	(115,739)
Share-based compensation	(10,802)	(33,578)	(157,749)	-
Cash cost of dried cannabis sold	568,006	109,456	1,259,002	483,462
Packaging and selling costs	(117,316)	(58,362)	(677,031)	(371)
Cash costs to produce dried cannabis sold	450,690	51,094	581,971	483,091
Grams of cannabis sold	91,781	24,442	290,293	164,851
Cash cost of sales per gram of dried cannabis sold	$6.19	$4.48	$4.34	$2.93
Cash costs to produce per gram of dried cannabis sold	$4.91	$2.09	$2.00	$2.93

Cash cost of sales per gram of dried cannabis sold increased by $1.71 per gram during the fourth quarter of 2019 as compared to prior quarter. The increase is primarily attributable to capital improvements at the site impacting creating temporary logistical challenges; ultimately, increasing some the processing time of dried cannabis.

The Company achieved a 376% increase in the volume of dried cannabis sold that was produced at the facility from 24,442 grams in Q3 2019 compared to 91,781 grams in Q4 2019.

Cash cost of sales per gram of dried cannabis sold for the year ended November, 2019 increased by $1.41 per gram from the prior year due to (i) higher inventory management, infrastructure and distribution costs incurred to meet demand with the legalization of the consumer market in Canada, and (ii) increased packaging costs resulting from excise tax stamping, packaging and regulatory requirements mandated under the Cannabis Act relating to retail sales compared to wholesale bulk sales.

The Company expects future production costs per gram will continue to improve with the additional cultivation and processing space at the facility and economies of scale.

Expenses

(in $)	**For the three months ended**		**For the year ended**	
	November 30, 2019	**August 31, 2019**	**November 30, 2019**	**November 30, 2018**
Salaries and wages	650,077	559,047	2,306,720	576,703
General and administrative	285,278	254,386	1,343,989	1,126,050
Professional fees	357,100	513,927	1,130,900	543,781
Sales and marketing	189,595	116,622	524,178	378,002
Depreciation and amortization	25,772	7,478	47,522	5,103
Share-based compensation	161,285	69,316	612,417	2,400,711
Restructuring fees	174,116	169,220	343,336	-
Acquisition fees	6,646	146,096	1,909,283	-
Goodwill impairment	8,232,741	-	8,232,741	-

Salaries and Wages

Salaries and wages increased $91,030 during the three months ended November 30, 2019, compared to the three months ended August 31, 2019, primarily due to expanding the scale of operations and the required resources to support growth in all areas of the business.

The increase in salaries and wages for the year ended November 30, 2019, compared to the prior year, is due to the same reasons outlined above.

General and Administrative

General and administrative expense increased $30,892 during the three months ended November 30, 2019, compared to the three months ended August 31, 2019.

The increase of $217,939 in general and administrative expense for the year ended November 30, 2019, compared to the prior year, is mainly due to the overall increase in activity within the Company.

Professional Fees

Professional fees decreased $156,827 during the three months ended November 30, 2019, compared to the three months ended August 31, 2019, due to lower legal fees associated with contract review and legal issues.

The increase of $587,119 in professional fees for the year ended November 30, 2019, compared to the prior year, is primarily due to increased audit and accounting fees, legal fees associated with contract review and legal issues, and public company filing fees.

Sales and Marketing

Sales and marketing expense increased by $72,973 in the three months ended November 30, 2019, compared to the three months ended August 31, 2019, mainly due to the Company's activity around building brand awareness and increasing the Company's business to business presence in the cannabis space with additional digital, print and social media content.

The increase of $146,176 in sales and marketing expenses for the year ended November 30, 2019, compared to the prior year, is primarily due to the same reasons outlined above.

Depreciation and Amortization

Depreciation and amortization expense increased by $18,294 in the three months ended November 30, 2019, compared to the three months ended August 31, 2019, primarily due to commencing depreciation of definite life intangible assets acquired as part of the business combination with EFX.

The increase of $42,419 in depreciation and amortization for the year ended November 30, 2019, compared to the prior year, is due to depreciation on the building and equipment at the facility in Mission, BC from the commencement of operations.

Share-based Compensation

Share-based payments increased by $91,969 in the three months ended November 30, 2019, compared to the three months ended August 31, 2019, mainly associated with the company wide employee stock option grants in prior periods to reward employees and align them with the continued focus of generating shareholder value in the Company.

The decrease of $1,788,294 in share-based payments expense for the year ended November 30, 2019, compared to the prior year, is primarily due to the Company receiving its license to sell in 2018 which was a significant milestone in the company wide employee stock option grants in the prior year.

Restructuring Fees

Restructuring fees were $174,116 for the three months ended November 30, 2019, compared to $169,220 for the three months ended August 31, 2019, is due to the Company's focus on streamlining operations to reduce costs.

The increase of $343,336 in restructuring fees for the year ended November 30, 2019, compared to the prior year, is due to the same reasons outlined above.

Acquisition Fees

Acquisition fees were $1,909,283 for the year ended November 30, 2019, compared to $nil in prior year, due to fees associated with the acquisition of EFX.

Impairment of Goodwill

Goodwill arose from the acquisition of EFX and represents synergies, future income and growth, and other intangibles that do not qualify for separate recognition. An impairment charge of $8,232,741 on goodwill was taken for the year ended November 30, 2019, representing a write-down of the carrying amount of the cash generating unit to the recoverable amount. Refer to Notes 9 and 10 of the consolidated financial statements for the year ended November 30, 2019 for a summary of the goodwill and the valuation methods used as part of the annual impairment test.

ADJUSTED EBITDA (non-GAAP measure)

Adjusted EBITDA is a non-GAAP measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines adjusted EBITDA as comprehensive loss from operations as reported, before interest, tax, depreciation and amortization, and adjusted for by removing share-based payments, and other one-time and non-cash items including acquisition and restructuring fees, and impairments. Management believes adjusted EBITDA is a useful financial metric to assess its operating performance on an adjusted basis as described above.

Adjusted (non-GAAP measure) (in $)	**For the three months ended**		**For the year ended**		
	November 30, 2019	**August 31, 2019**	**November 30, 2019**	**November 30, 2018**	**November 30, 2017**
Net loss and comprehensive loss	(10,512,463)	(940,424)	(16,153,827)	(4,805,878)	(3,606,447)
Depreciation and amortization	25,772	7,478	47,522	5,103	8,856
Interest expense	-	-	-	-	19,978
Interest income	(30,556)	(78,179)	(158,329)	-	(2,610)
Share-based compensation	161,285	69,316	612,417	2,400,711	603,557
Impairment of goodwill	8,232,741	-	8,232,741	-	-
Acquisition fees	6,646	146,096	1,909,283	-	-
Restructuring fees	174,116	169,220	343,336	-	-
Adjusted EBITDA	(1,942,459)	(626,493)	(5,166,857)	(2,400,064)	(2,976,666)

For the year ended November 30, 2019, adjusted EBITDA decreased by $2,766,793 compared prior year, primarily due to expanding the scale of operations and the required resources to support growth in all areas of the business.

QUARTERLY RESULTS

The following table presents certain unaudited financial information for each of the eight quarters up to and including the quarter ended November 30, 2019. The information has been derived from our unaudited quarterly consolidated financial statements. Past performance is not a guarantee of future performance, and this information is not necessarily indicative of results for any future period.

	Three months ended			
(in $)	**November 30, 2019**	**August 31, 2019**	**May 31, 2019**	**February 29, 2019**
Revenue	631,978	172,877	445,545	316,889
Net loss and comprehensive loss	(10,512,463)	(940,424)	(1,841,897)	(2,859,043)
Weighted average number of common shares outstanding	99,027,936	98,808,156	96,773,373	58,653,900
Basic and diluted loss per share	(0.11)	(0.01)	(0.02)	(0.05)

	Three months ended			
(in $)	**November 30, 2018**	**August 31, 2018**	**May 31, 2018**	**February 29, 2018**
Revenue	771,938	-	-	-
Net loss and comprehensive loss	(1,463,702)	(1,398,337)	(770,530)	(1,173,309)
Weighted average number of common shares outstanding	49,271,547	48,701,778	46,680,984	45,756,186
Basic and diluted loss per share	(0.03)	(0.03)	(0.02)	(0.03)

FINANCIAL POSITION

The following table provides a summary of our financial position as at November 30, 2019 and November 30, 2018.

(in $)	**November 30, 2019**	**November 30, 2018**
Total assets	17,126,780	5,949,459
Total liabilities	1,058,380	588,522
Share capital	37,160,387	11,178,616
Reserves	3,474,449	2,684,930
Deficit	(24,566,436)	(8,502,609)

Total Assets

Total assets increased to $17,126,780 as at November 30, 2019 from $5,949,459 as at November 30, 2018, primarily due to the acquisition of EFX which resulted in increased cash and cash equivalents net of acquisition costs of $11,866,369, property, plant and equipment of $1,447,744, intangible assets of $1,170,000 and goodwill net of impairment of $1,091,043. Property, plant and equipment further increased by $2,469,705 due to capital improvements to increase cultivation and processing capacity at the facility.

Total Liabilities

Total liabilities increased to $1,058,380 as at November 30, 2019 from $588,522 as at November 30, 2018, primarily due to fluctuations in trade accounts payable associated with increased operations and capital improvements to the site to expand cultivation and processing capacity and to allow for value-added product development.

Share Capital

Share capital increased to $37,160,387 as at November 30, 2019 from $11,178,616 as at November 30, 2018, primarily due to the issuance of 49,412,781 common shares pursuant to the acquisition of EFX.

OUTSTANDING SHARES, OPTIONS AND RESTRICTUED SHARE UNITS

The Company is authorized to issue an unlimited number of common shares. The table below outlines the number of issued and outstanding common shares, options and restricted share units.

(in $)	**May 11, 2020**	**November 30, 2019**	**November 30, 2018**
Common shares issued and outstanding	100,531,073	100,474,823	49,320,375
Stock options	3,997,980	4,340,180	3,687,322
Restricted share units	550,000	475,000	199,625

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

COMMITMENTS

Claims and Litigation

Experion's predecessor Morro Bay Resources Ltd. ("Morro Bay") was named in a legal action in April 2017. Dundeal Canada (GP) Inc. is seeking damages of $167,781 from Morro Bay and a company affiliated with the former Chief Executive Officer of Morro Bay, as a result of a sublease for office space. The claim expired on April 18, 2020.

In the second quarter of 2019, Virdium Pacific Group Ltd (now known as Experion Holdings Ltd.) and its wholly owned subsidiary, Experion Biotechnologies Inc., were named as defendants along with others in a civil claim filed by Mr. Stephen Serenas, their ex-CEO. In the Amended Notice of Civil Claim, Mr. Serenas advances claims against Experion and Experion Biotechnologies Inc. for 149,625 restricted stock units fully vested in Experion, along with general damages for wrongful dismissal, breach of contract, bad faith, an indemnity, aggravated and punitive damages, and ancillary relief. The statement of claim has been settled December 4, 2019 for $125,000 to be paid to Mr. Serenas. This payment was made December 18, 2019. The settlement amount was covered by the Company's insurers and has been recorded as insurance proceeds and accounts receivable as well as a restructuring fee and amount payable in these consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management intends to finance operating costs over the next twelve months with current cash on hand and generated through operations, and potentially raising additional capital. There is no assurance that the Company will be successful in raising additional capital on commercially reasonable terms or at all. See "Risks and Uncertainties".

As at November 30, 2019, the Company had $4,968,351 of cash, $973,068 of receivables and $926,835 of accounts payable and accrued liabilities. As of November 30, 2018, the Company had $1,607,950 of cash, $224,211 of receivables and $588,522 of accounts payable and accrued liabilities.

(in $)	**November 30, 2019**	**November 30, 2018**
Operating activities	(7,594,289)	(2,166,236)
Investing activities	10,704,690	(817,604)
Financing activities	250,000	1,994,683

Operating Activities

Net cash used in operating activities for the year ended November 30, 2019 was $7,594,289 as a result of a comprehensive loss for the year of $16,153,827; partially offset by an impairment of goodwill of $8,232,741 which is a non-cash item.

During the comparative year ended November 30, 2018, net cash used in operating activities was $2,166,236 as a result of a loss for the year of $4,805,878, partially offset by non-cash expenses of $2,477,668 mostly related to share-based payments of $2,400,711.

Investing Activities

During the year ended November 30, 2019, net cash provided by investing activities was $10,704,690, primarily due to the acquisition of EFX's net assets including cash of $13,769,006; partially offset by the purchase of property, plant and equipment of $2,469,705 for capital improvements at the facility and an investment of $500,000 in True North.

During the comparative year ended November 30, 2018, net cash used in investing activities was $817,604 as a result of the acquisition of property, plant and equipment. See Note 8 in the annual consolidated financial statements for further details.

Financing Activities

Net cash received from financing activities for the year ended November 30, 2019 was $250,000 from the issuance of common shares as part of a private placement.

During the comparative year ended November 30, 2018, net cash received from financing activities was $1,994,683 comprised of net proceeds from shares issued as part of the reverse takeover.

Capital Resources

The Company manages its capital structure and adjusts it based on the funds available to the Company in order to maintain operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity.

The Company manages the capital structure and adjustments it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held. The Company is not currently subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management. As at November 30, 2019, total current assets less current liabilities totalled $6,072,287.

The Company expects its current capital resources will be sufficient to carry out its operations in the near term.

FINANCIAL RISK MANAGEMENT

The Company is exposed to varying degrees to a variety of financial related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Interest risk

The Company's exposure to interest risk only relates to its cash. At November 30, 2019, the Company had cash of $4,617,000 held in a redeemable short-term investment certificate. At November 30, 2019, a 1% decrease in interest rates would result in a reduction in interest income by $46,170 compared to a 1% increase in interest rates which would have an equal but opposite effect.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and receivables. The Company's cash are held through large Canadian financial institutions and no losses have been incurred in relation to these items.

The Company's receivables are mostly comprised of trade accounts receivable, GST receivable and interest receivable. In addition, the Company has $4,100 in trade accounts receivable outstanding over 60 days at November 30, 2019. The expected loss rate for overdue balances is estimated to be nominal based on subsequent collections, discussions with associated customers and analysis of the credit worthiness of the customer. Of the total billed trade receivables at November 30, 2019, the Company has subsequently collected 99% of the total balance. Of the Company's trade receivables outstanding at November 30, 2019, 98% are held with two provincial customers of the Company.

The carrying amounts of cash and cash equivalents, and receivables represent the maximum exposure to credit risk, and as at November 30, 2019, this amounted to $5,941,419.

Economic dependence risk

Economic dependence risk is the risk of reliance upon a select number of customers which significantly impact the financial performance of the Company. The Company recorded sales from two provincial customers of the Company representing 54% of total revenue in the year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. As at November 30, 2019, the Company has $4,968,351 of cash. The Company is obligated to pay accounts payable and accrued liabilities of $926,837. As at November 30, 2019, total current assets less current liabilities totalled $6,072,287.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of raw materials, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements under IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the Financial Statements are as follows:

Business combinations

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to intangible assets. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Goodwill and intangible asset impairment

Goodwill and indefinite life intangible assets are tested annually in November for impairment by comparing the carrying value of each cash-generating unit ("CGU") containing the assets to its recoverable amount. Goodwill is allocated to CGUs or groups of CGU's for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arose, which requires the use of judgment. An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on a fair value less costs of disposal. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. The key assumptions used in the calculation of the recoverable amount relate to future revenue and growth projections, selected comparable companies and industry market data. These key assumptions are based on historical data from internal sources as well as industry and market trends.

Biological assets

The Company defines biological assets as cannabis plants up to the point of harvest. Biological assets are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41 - Agriculture using the income approach. The income approach calculates the present value of expected future cash flows from the Company's biological assets using the following key Level 3 assumptions and inputs:

Inputs and assumptions	Description	Correlation between inputs and fair value
Selling price per gram	Represents the average selling price per gram of dried cannabis, for the period for all dried flower sold, which is expected to approximate future selling prices.	If the average selling price per gram were higher (lower), estimated fair value would increase (decrease)
Average yield per plant	Represents the average number of grams of dried cannabis inventory expected to be harvested from each cannabis plant.	If the average yield per plant was higher (lower), estimated fair value would increase (decrease)
Stage of completion	Represents the average percentage complete of the growth cycle of the cannabis in production.	If the average stage of completion were higher (lower), estimated fair value of the plants in production would be higher (lower)
Cost to complete and sell	Represents the costs to be incurred to harvest, dry, package, and sell the cannabis in production.	If the cost to complete and sell were to increase, (decrease), estimated fair value would (decrease), increase.

Production costs are capitalized for biological assets and include all direct and indirect costs related to biological transformation. Costs include direct costs of production, such as labour, growing materials, as well as indirect costs such as labour, quality control costs, depreciation on production equipment, and overhead expenses including utilities.

Inventory

Cannabis Inventory is transferred from biological assets at fair value less costs to sell at the point of harvest, which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to Cannabis Inventory to the extent that the cost is less than net realizable value ("NRV"). NRV for work-in-process ("WIP") and finished Cannabis Inventory is determined by deducting estimated remaining conversion/completion costs and selling costs from the estimated sale price achievable in the ordinary course of business. Products for resale and consumable supplies are initially recognized at cost and subsequently valued at the lower of cost and NRV. The Company uses judgment in determining the NRV of inventory. When assessing NRV, the Company considers the impact of price fluctuation, inventory spoilage and inventory damage.

Estimated useful lives and depreciation of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

Share-based compensation

Determining the fair value of stock options and restricted share units on the grant date requires judgment related to the choice of a pricing model, the estimation of stock price volatility and expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's reported operating results or shareholders' equity. The key estimates used by management are the stock price volatility based on the Company's historical share price, expected life of the options, share price and expected timing of performance criteria.

Income taxes

Significant estimates are required in determining the Company's provision for income taxes and uncertain tax positions. Some of these estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favorable or unfavorable effects on the Company's future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, results of tax audits by tax authorities, future levels of research and development spending, changes in estimates related to repatriation of undistributed earnings of foreign subsidiaries, and changes in overall levels of pre-tax earnings. The assessment of whether or not a valuation allowance is required on deferred tax assets often requires significant judgment with regard to management's assessment of the long-range forecast of future taxable income and the evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably investments and derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market. Information about valuation techniques and inputs used in determining the fair value of financial instruments is disclosed in Note 17 to our annual consolidated financial statements.

NEW OR AMENDED STANDARDS EFFECTIVE DECEMBER 1, 2018

The Company has adopted the following new or amended IFRS standards for the period beginning December 1, 2018.

IFRS 15 Revenue from Contracts with Customers

The IASB replaced IAS 18 Revenue with IFRS 15 Revenue from Contracts with Customers. The Company adopted IFRS 15 using the modified retrospective approach, where the cumulative impact of adoption was required to be recognized in retained earnings as of December 1, 2018 and comparatives were not required to be restated.

Revenue is generated from the sale of cannabis. The Company uses the following five-step contract-based analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment for retail consumer-use is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

Effective October 17, 2018, Canada Revenue Agency ("CRA") began levying an excise tax on the sale of medical and consumer cannabis products. The Company becomes liable for these excise duties when cannabis products are delivered to the customer. The excise taxes payable is the higher of (i) a flat-rate duty which is imposed when a cannabis product is packaged, and (ii) an advalorem duty that is imposed when a cannabis product is delivered to the customer. Effective May 1, 2019, excise tax calculated on edible cannabis, cannabis extracts and cannabis topicals will prospectively be calculated as a flat rate applied on the quantity of total tetrahydrocannabinol (THC) contained in the final product.

Where the excise tax has been billed to customers, the Company has reflected the excise tax as part of revenue in accordance with IFRS 15. Net revenue from sale of goods, as presented on the consolidated statements of comprehensive loss, represents revenue from the sale of goods less applicable excise taxes. Given that the excise tax payable/paid to CRA cannot be reclaimed, the Company recognizes that the excise tax is an operating cost that affects gross margin to the extent that it is not recovered from its customers.

The adoption of this new standard had no impact on the amounts recognized in the consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Company adopted IFRS 9 using the retrospective approach where the cumulative impact of adoption was recognized in retained earnings as at December 1, 2018 and comparatives were not restated. The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities.

Classification of Financial Instruments IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit or loss ("FVTPL").

Financial assets that are held for the purpose of collecting contractual cash flows that are SPPI are classified as amortized cost. Amortized cost financial assets are initially recognized at their fair value and are subsequently measured at amortized cost using the effective interest rate method. Transaction costs of financial instruments classified as amortized cost are capitalized and amortized in profit or loss on the same basis as the financial instrument.

Financial assets that are held for both the purpose of collecting contractual cash flows and selling financial assets that have contractual cash flows that are SPPI are classified as FVTOCI. FVTOCI financial instruments are recognized at fair value at initial recognition and at each reporting date with gains and losses accumulated in other comprehensive loss until the asset is derecognized, at which point the cumulative gains or losses are reclassified to profit or loss. IFRS provides an election to designate equity instruments at FVTOCI that would otherwise be classified as FVTPL. Equity instruments designated at FVTOCI must be made on an instrument-by-instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive loss only and are not transferred into profit or loss upon disposition.

Financial assets that are not measured at amortized cost or at FVTOCI are measured at FVTPL. FVTPL financial assets are recognized at fair value at initial recognition and at each reporting date with gains and losses recognized in profit or loss on the statement of comprehensive (loss) income. Transaction costs of financial assets classified as FVTPL are recognized in profit or loss as they are incurred.

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost, except for financial liabilities, such as derivatives, that are measured at FVTPL.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39 Classification	IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable (excluding GST receivable)	Loans and receivables	Amortized cost
Investments	Financial asset at fair value through profit or loss	Fair value through other comprehensive income
Derivatives	Financial assets at fair value through profit and loss	Fair value through profit and loss
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date.

For trade accounts receivable, the Company utilized a provision matrix, as permitted under the simplified approach, and has measured the expected credit losses based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to debtors and other relevant factors. The carrying amount of trade receivables is reduced for any expected credit losses through the use of an allowance for doubtful accounts ("AFDA") provision. Changes in the carrying amount of the AFDA provision are recognized in the statement of comprehensive income. When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable and the financial asset is written off. The adoption of the new expected credit loss impairment model had a negligible impact on the carrying amounts of financial assets recognized at amortized cost.

RECENT ACCOUNTING PRONOUNCEMENTS

The following IFRS standards have been recently issued by the IASB. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset's value is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors will continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17, Leases.

The standard will be effective for the Company for the fiscal year commencing July 1, 2019. Consistent with the guidance, the Company will not apply this standard to short-term leases and leases for which the underlying asset is of low value; therefore, the adoption of this standard is expected to have negligible impact on the consolidated statement of financial position.

RELATED PARTY TRANSACTIONS

Key management personnel

The Company's key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has defined key management personnel to include the past and current CEO and CFO, and directors of the Company.

The remuneration paid or accrued for the Company's key management personnel and directors are as follows:

	For the years ended 2019	2018
Management compensation	$ 1,201,380	$ 760,652
Directors' fees	156,250	19,500
Share-based payments [(1)]	284,326	1,786,096
	$ 1,641,956	$ 2,566,248

[(1)] Share-based payments are the fair value of options and restricted share units ("RSUs") granted and vested to key management personnel and directors of the Company under the Company's stock option plan and RSU plan.

Goods and services

The Company entered into certain transactions with related parties during the period ended November 30, 2019 as follows:

	For the years ended 2019	2018
Consulting fees paid or payable to companies in which the officers of the Company have control over	$ 129,459	$ 69,907
Operational fees paid or payable to companies owned by a director of the Company	108,377	59,365
	$ 237,836	$ 129,272

Related party balances

The following related party amounts were included in (i) amounts receivable, and (ii) accounts payable and accrued liabilities:

	November 30, 2019	November 30, 2018
(i) Former director [(1)]	$ 39,499	$ 78,999
(i) Former officer [(1)]	-	24,944
(ii) Current officer [(2)]	-	239,544
(ii) Current directors [(3)]	23,750	-
(ii) Companies controlled by director and officer of the Company [(4)]	-	39,346

[(2)] The amounts are unsecured, non-interest bearing, have no specific repayment term and due on demand. The amount due from the former director has been reduced by 50% in the third quarter, 2019 and an associated write-down recorded to bad debt expense for the period. The remaining balance is expected to be recovered.

[(3)] The amounts relate to an accrual for current services to an officer and an accrual for past services payable to an officer.

[(4)] The amounts are payable in the normal course of business

[(5)] The amounts are due on demand.

RISK FACTORS

In addition to the other information included in this report, the following factors should be considered, which describe the risks, uncertainties and other factors that may materially and adversely affect our business, products, financial condition and operating results. There are many factors that affect our business and our results of operations, some of which are beyond our control.

The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements set forth in this report relating to our financial results, operations and business prospects. Except as required by law, we undertake no obligation to update any such forward-looking statements to reflect events or circumstances after the date of this MD&A. These risks include, but are not limited to the following:

Licenses continue to be in good standing

The Company's ability to continue to cultivate, distribute and sell cannabis is dependent on the good standing of all our licenses, authorizations and permits and adherence to all regulatory requirements related to such activities. To keep these licenses in good standing, the Company will incur ongoing costs and obligations related to regulatory compliance. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial conditions and operations of the business.

Management believes the requirements of the Cannabis Act for future extensions or renewals of the licenses will be met, but there can be no assurance that Health Canada will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada or the Canada Revenue Agency not extend or renew the licenses, or should they renew the licenses on different terms, our business, financial condition and operations would be materially adversely affected.

Licenses are attached to a facility

Licenses granted are specific to an individual facility. Any adverse changes or disruptions to the functionality, security and sanitation of the Company's site or any other form of non-compliance may put our licenses at risk, and ultimately adversely impact our business, financial condition and operations. As our operations and financial performance may be adversely affected if we are unable to keep up with such requirements, we are committed to the maintenance of our sites and intend to comply with Health Canada and their inspectors as required. As our business continues to grow, any expansion to or update of our current operating sites, will require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect the Corporation's business, financial condition and operations.

Change in the laws, regulations and guidelines

The Company's business is subject to a variety of laws, regulations, commissions and guidelines relating to the marketing, acquisition, zoning, manufacturing, management, transportation, storage, sale, packaging and labeling, and disposal of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted – either municipally, provincially or federally - that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to such laws, regulations and guidelines may cause material adverse effects on our operations. The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant municipal, provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit our ability to participate in such markets.

Selling prices and the cost of cannabis

The Company's revenue is derived from the production of and the purchase of cannabis products to be distributed and sold. The cost of production, purchase, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including the cost per gram of cannabis available for sale, equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition, results of operations and prospects. This includes any change in the selling price of products set by the applicable province or territory. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on our business, financial condition and operations.

Availability of cannabis for purchase and growth targets

The Company's ability to continue to purchase cannabis at the same pace as we are currently, and our ability to continue to increase the purchase of cannabis we process and distribute, may be affected by a number of factors, including the number and ability of contract growers, who are growing our genetics, and other licensed producers using their own genetics to successfully harvest cannabis that meet our quality standards, those licensed producers' financial health and ability to continue as a going concern, purchase price competition from other competitors, the cannabis genetics being utilized and their popularity in the marketplace, and the demand for those genetics by provincial and territorial governments as well as independent retailers. Any inability to secure the required volume needed for processing and distribution or to do so on appropriate terms could have a materially adverse impact on our business, growth targets, financial condition, results of operations and prospects.

Contractual relations with customers

The continuance of our contractual relations with provincial and territorial governments cannot be guaranteed. The majority of the Company's current revenue depends upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements and alterations to or the termination of such contracts may adversely impact our business, financial condition and operations.

Continued growth may require additional financing

The Company's continued development may require additional financing in the future. The failure to raise such capital could result in the delay or indefinite postponement of our current business strategy or our cease our ability to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. In addition, from time to time, we may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards or our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

Successful product development of new products or a market for their sale

The medical and non-medical cannabis industries are in their early stages of development. It is likely that the Company and its competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, the Company may need to expend capital in order to successfully develop and generate revenue from new products introduced by us. As well, we may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authorities, which may take significant amounts of time and entail significant costs. On October 17, 2019, new regulations under the Cannabis Act came into force permitting the production and sale of cannabis edibles, extracts and topicals. The impact of these regulatory changes on the Company's business is unknown. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition and results of operations.

Product obsolescence and competition

Because the cannabis market and associated products and technology are rapidly evolving, both domestically and internationally, the Company may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing our products is complex and requires significant costs, development efforts and third-party commitments. Our failure to develop new products and technologies and the potential disuse of our existing products and technologies could adversely affect our business, financial condition and operations. Our success will depend, in part, on our ability to continually invest in research and development and enhance our existing technologies and products in a competitive manner.

Restrictions on branding and advertising

The Company's success depends on its ability to attract and retain customers. The Cannabis Act and Cannabis Regulations strictly regulate the way cannabis is packaged, labelled and displayed. The associated provisions are quite broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling and the display of our cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on our business, financial conditions and operations.

Strategic partnerships

The Company may enter into and, if necessary, expand the scope of existing relationships with third parties that we believe complement our business, financial condition and results of operation and there are risks associated with such activities. The Company has entered into, and may in the future enter into, strategic partnerships with third parties that we believe will complement or augment our existing business. Our ability to complete and develop strategic partnerships is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic partnerships could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic partnerships on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Retention of key personnel

The Company's success will depend on our directors' and officers' ability to develop and execute our business strategies and manage our ongoing operations, as well as our ability to attract and retain key personnel. Competition for qualified professionals, technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations. While employment and consulting agreements are customary, these agreements cannot assure the continued services of such individuals.

As a licensed producer under the Cannabis Act, certain key personnel are required to obtain a security clearance by Health Canada. Licenses will not be granted until all key personnel have been granted security clearance. Under the Cannabis Act, security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing or future key personnel will be able to obtain or renew such clearances. A failure by key personnel to maintain or renew their security clearance could result in a material adverse effect on our business, financial condition and operations. This is also a risk if key personnel leave the Company and we are unable to find a suitable replacement that can obtain a security clearance in a timely manner, or at all.

Certain Directors and Officers may have conflicts of interests

Some of the Company's directors and officers are also directors and officers of other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the British Columbia Business Corporations Act (the "BCBCA"), directors who have a material interest in any person who is a party to a material contract, or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

Uninsured or uninsurable risks

The Company may have insurance to protect our assets, operations and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or, at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Product liability claims

The Company is a manufacturer and distributor of products designed to be inhaled and ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products produced by us caused or contributed to injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation and goodwill with our customers, and could have a material adverse effect on our business, financial condition and results of operations. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of such products.

Product recall

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Company are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. Additionally, if any of the products produced by us were subject to recall, the reputation and goodwill of that product and/or us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Furthermore, any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by holders of licenses under the Cannabis Act generally, which could have a material adverse effect on our business, financial condition and results of operations.

Litigation, mediation and/or arbitration

The Company may become party to regulatory proceedings, litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect our business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, operating results or financial condition. Litigation may also create a negative perception of our company. Any decision resulting from any such litigation could have a materially adverse impact on our business and company.

Transportation security risks and disruptions

The Company depends on fast, cost-effective and efficient courier services to distribute our product to both wholesale and retail customers. Any prolonged disruption of these courier services could have an adverse effect on our financial condition and results of operations. Rising costs associated with the courier service we use to ship our products may also adversely impact our business and our ability to operate profitably. Due to the nature of our products, security during transportation is of the utmost concern. Any breach of the security measures during the transport or delivery of our products, including any failure to comply with recommendations or requirements of government regulators, whether intentional or not, could have a materially adverse impact on our ability to continue operating under our current licenses and may potentially impact our ability to renew such licenses.

Risks inherent in agricultural operations

A key revenue stream for the Company is the growth and processing of cannabis, an agricultural product, the risks inherent with agricultural businesses apply to our business. Such risks may include disease and insect pests, among others. Cannabis growing operations consume considerable energy, which makes our operations vulnerable to rising energy costs. Accordingly, any rise in energy costs may have a material adverse effect on our ability to produce cannabis.

Volatile market price of the common shares

The market price of the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the value of your investment in Experion, the price at which you could sell our common shares and the sale of substantial amounts of our common shares could adversely affect the price of our common shares. Factors that may make the common shares subject to volatility include, but are not limited to, actual or anticipated fluctuations in the Company's results of operations; changes in the economic performance or market valuations of companies in the same industry in which the Company operates; addition or departure of the Company's executive officers and other key personnel; sales or perceived sales of additional Company common shares; operating and financial performance that varies significantly from the expectations of management, securities analysts and investors; regulatory changes affecting the Company's industry, business and operations; announcements of developments and other material events by the Company or its competitors; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and operating and share price performance of other companies that investors deem comparable to the Company.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values, or prospects of such companies. Accordingly, the market price of the Company's common shares may decline even if our operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of the Company's common shares may be materially adversely affected.

Future sales or issuances of equity securities

The sale and issuance of equity securities could decrease the value of the Company's common shares, dilute investors' voting power and reduce our earnings per share. The Company may sell or issue additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities and may issue equity securities in acquisitions). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our common shares.

Additional issuances of our securities may involve the issuance of a significant number of common shares at prices less than the current market prices. Issuances of a substantial number of common shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of our common shares. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, may result in significant dilution to security holders.

Sales of substantial amounts of our securities by us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional or sufficient capital through the sale of securities should we desire to do so.

Information technology systems and cyber-attacks

The Company may be subject to risks related to our information technology systems, including cyber-attacks. We have entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, physical damage, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact our reputation and results of operations.

Cyber-attacks could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial results and operations. We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats.

DIVIDENDS

The Company has no dividend record and is unlikely to pay any dividends over the next fiscal year as it intends to employ available funds for growth opportunities in the cannabis sector. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deem relevant.

MANAGEMENTS RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of potential business relationships.

Governance and Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A.

MANAGEMENTS'S REPORT ON INTERAL CONTROLS OVER FINANCIAL REPORTING

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

DIRECTORS AND OFFICERS

Directors
Michael Black
Sean MacNeil
Joel Dumaresq
Bill Dickie
Dan Echino
Jarrett Malnarick

Audit Committee members
Joel Dumaresq (Chair), Dan Echino and Michael Black

Key Management
Jarrett Malnarick – Chief Executive Officer
Kamini Hitkari – Chief Financial Officer

OTHER REQUIREMENTS

Additional disclosure of the Company's material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.

On behalf of the Board,

Experion Holdings Ltd.

Director "Joel Dumaresq" Director "Jarrett Malnarick"