



EXPERION HOLDINGS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

**FOR THE THREE MONTHS ENDED FEBRUARY 29, 2020 AND
FEBRUARY 28, 2019**

(IN CANADIAN DOLLARS)

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NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements have been prepared by Management and approved by the Board of Directors. The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

EXPERION HOLDINGS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Presented in Canadian Dollars)

	Note	February 29, 2020 (Unaudited)	November 30, 2019 (Audited)
ASSETS			
Current			
Cash		\$ 3,411,105	\$ 4,968,351
Accounts receivable	3	781,585	973,068
Inventory	4	892,998	583,921
Biological assets	4	187,836	233,065
Prepaid expenses and deposits		413,859	240,719
		5,687,383	6,999,124
Non-current			
Property, plant and equipment	6	7,362,080	7,289,985
Intangible assets	7, 8	1,228,645	1,246,628
Investment	5	369,578	425,876
Derivatives	5	118,853	74,124
Goodwill	7, 8	1,091,043	1,091,043
		\$ 15,857,582	\$ 17,126,780
LIABILITIES			
Current			
Accounts payable and accrued liabilities	12, 15	\$ 883,821	\$ 926,837
Non-current			
Deferred income tax		131,543	131,543
		1,015,364	1,058,380
SHAREHOLDERS' EQUITY			
Share capital	9	37,166,575	37,160,387
Reserves	10	3,541,976	3,474,449
Accumulated other comprehensive loss		(56,298)	-
Deficit		(25,810,035)	(24,566,436)
		14,842,218	16,068,400
		\$ 15,857,582	\$ 17,126,780

Nature of operations (Note 1)
Commitments and contingencies (Note 12)
Subsequent event (Note 16)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 8, 2020.

On behalf of the Board of Directors:

Director "Joel Dumaresq"

Director "Jarrett Malnarick"

See accompanying notes to the condensed consolidated interim financial statements

EXPERION HOLDINGS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
(Unaudited - Presented in Canadian Dollars)

	Note	For the three months ended	
		February 29, 2020	February 28, 2019
Revenue			
Cannabis sales	13	\$ 803,655	\$ 316,889
Excise taxes		(124,675)	-
Net revenue		678,980	316,889
Cost of sales		(654,769)	(432,679)
Gross profit (loss) before fair value adjustments		24,211	(115,790)
Change in fair value of inventory sold		(12,692)	-
Unrealized gain on change of fair value of biological assets	4	16,528	27,390
Gross profit (loss)		28,047	(88,400)
Expenses			
Salaries and wages		388,084	292,562
General and administration		219,125	313,732
Professional fees		175,378	62,033
Sales and marketing		99,619	111,821
Depreciation and amortization	7, 8	37,967	6,819
Share-based compensation	10	66,041	268,038
		986,214	1,055,005
Loss from operations		(958,167)	(1,143,405)
Other (expense) income			
Interest income		20,345	20,854
Other income, net		111,324	-
Restructuring fees	11	(417,101)	-
Acquisition fees		-	(1,736,492)
		(285,432)	(1,715,638)
Loss before income tax		(1,243,599)	(2,859,043)
Income tax recovery		-	-
Net loss		(1,243,599)	(2,859,043)
Other comprehensive income that may be reclassified to net loss			
Unrealized loss on investment		(56,298)	-
Net loss and comprehensive loss for the period		\$ (1,299,897)	\$ (2,859,043)
Basic and diluted loss per share		\$ (0.01)	\$ (0.05)
Weighted average number of common shares outstanding		100,505,455	58,653,900

See accompanying notes to the condensed consolidated interim financial statements

EXPERION HOLDINGS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Presented in Canadian Dollars)

		Number of shares	Share capital	Reserves			AOCI			Total Shareholders' equity	
				Warrants	Agent's Options	Share-based compensation (¹)	Total Reserves	Fair Value	Total AOCI		Deficit
Balance as at November 30, 2018	(Audited)	49,320,375	\$ 11,178,616	\$ 321,713	\$ 362	\$ 2,362,855	\$ 2,684,930	\$ -	\$ -	\$ (8,502,609)	\$ 5,360,937
Amalgamation of EFX		49,412,781	25,694,646	-	-	404,784	404,784	-	-	-	26,099,430
Share-based compensation (¹)		-	-	-	-	291,804	291,804	-	-	-	291,804
Comprehensive loss		-	-	-	-	-	-	-	-	(2,859,043)	(2,859,043)
Balance as at February 28, 2019	(Unaudited)	98,733,156	36,873,262	321,713	362	3,059,443	3,381,518	-	-	(11,361,652)	28,893,128
Private placement		1,666,667	250,000	-	-	-	-	-	-	-	250,000
Share-based compensation (¹)		75,000	37,125	-	-	92,931	92,931	-	-	-	130,056
Comprehensive loss		-	-	-	-	-	-	-	-	(13,204,784)	(13,204,784)
Balance as at November 30, 2019	(Audited)	100,474,823	37,160,387	321,713	362	3,152,374	3,474,449	-	-	(24,566,436)	16,068,400
Share-based compensation (¹)		56,250	6,188	-	-	67,527	67,527	-	-	-	73,715
Unrealized loss on investment (²)		-	-	-	-	-	-	(56,298)	(56,298)	-	(56,298)
Comprehensive loss		-	-	-	-	-	-	-	-	(1,243,599)	(1,243,599)
Balance as at February 29, 2020	(Unaudited)	100,531,073	\$ 37,166,575	\$ 321,713	\$ 362	\$ 3,219,901	\$ 3,541,976	\$ (56,298)	\$ (56,298)	\$ (25,810,035)	\$ 14,842,218

(¹) Share-based compensation includes employee and director options and RSU's (Note 10a and 10b).

(²) Unrealized loss on investment (Note 5)

See accompanying notes to the condensed consolidated interim financial statements

EXPERION HOLDINGS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Presented in Canadian Dollars)

	Note	For the three months ended	
		February 29, 2020	February 28, 2019
Net cash (used in) provided by:			
Operating activities			
Loss for the period		\$ (1,243,599)	\$ (2,859,043)
Items not involving cash:			
Depreciation and amortization	6, 8	55,950	6,819
Share-based compensation	10	66,041	268,038
Share-based compensation included in cost of sales		7,674	23,766
Fair value adjustment on sale of inventory		(12,692)	-
Unrealized gain on change of fair value of biological assets	4	(16,528)	(27,390)
Unrealized gain on change of fair value of derivative asset		(44,729)	-
Changes in non-cash working capital items:			
Amounts receivable		191,483	(72,074)
Inventory		(235,846)	105,701
Biological assets		61,757	(32,994)
Prepaid expenses and deposits		(173,140)	2,517
Accounts payable and accrued liabilities		(43,016)	290,259
Net cash used in operating activities		(1,386,645)	(2,294,401)
Investing activities			
Cash acquired from the business combination	7	-	13,769,006
Purchase of property, plant and equipment	6	(170,601)	(203,717)
Net cash (used in) provided by investing activities		(170,601)	13,565,289
Financing activities			
Net cash provided by financing activities		-	-
Net cash (decrease) increase in cash		(1,557,246)	11,270,888
Cash - beginning of the period		4,968,351	1,607,950
Cash - ending of the period		\$ 3,411,105	\$ 12,878,838

See accompanying notes to the condensed consolidated interim financial statements

1. NATURE OF OPERATIONS

Experion Holdings Ltd. (the “Company” or “Experion”) is a publicly traded corporation, incorporated in Canada, with its head office located at 12556 Stave Lake Road, Mission, British Columbia V2V 0A6. The Company’s shares are listed on the TSX Venture Exchange as a Tier 1 issuer (the “TSX-V”) under the trading symbol “EXP”; the OTCQB under the symbol “EXPFF” and on the Frankfurt Stock Exchange under the symbol “MB31”. Previously, the Company was named Viridium Pacific Group Ltd. The name change to Experion Holdings Ltd. was effective June 10, 2019.

The Company’s principal business is the production, distribution and sale of cannabis products in Canada.

Experion does not engage in any federally illegal U.S. cannabis-related activities.

2. SIGNIFICANT ACCOUNTING POLICIES AND JUDGEMENTS

(a) Basis of preparation and measurement

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) in accordance with International Accounting Standards 34, “Interim Financial Reporting” (“IAS34”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”). All amounts are presented in Canadian dollars except share and per share data.

The condensed consolidated interim financial statements are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company’s annual consolidated financial statements, except for the adoption of new accounting standards identified in Note 2(c). Given that certain information and footnote disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended November 30, 2019, including the accompanying notes thereto.

For comparative purposes, the Company has reclassified certain immaterial items on the comparative condensed consolidated interim statement of financial position and the condensed consolidated interim statement of net loss and comprehensive loss to conform with current period’s presentation.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on May 8, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES AND JUDGMENTS (continued)

(b) Basis of consolidation

The condensed consolidated interim financial statements include the financial results of the Company and its subsidiaries. Subsidiaries include entities which are wholly-owned. The condensed consolidated interim financial statements include the operating results of acquired entities from the date control is obtained. All intercompany balances and transactions are eliminated upon consolidation.

The table below lists the Company's subsidiaries and the ownership interests in each:

Subsidiary	% Ownership	Accounting Method
Experion Biotechnologies Inc.	100%	Consolidation
EFX Laboratories Inc.	100%	Consolidation
Fish Trap Ventures Ltd.	100%	Consolidation
Stave Lake Services Ltd.	100%	Consolidation
Kanabé Goods Corp.	100%	Consolidation

(c) Adoption of New Accounting Pronouncements Effective December 1, 2019

The following IFRS standard has 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 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 of more than twelve months, unless the underlying asset is of low value. 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. The Company adopted the standard on December 1, 2019, and there was no impact of this new standard on its condensed consolidated interim financial statements. The Company only has two leases for which it elected to apply the recognition exemptions and practical expedients described under IFRS 16; in particular, the recognition exemptions for short-term leases and low-value leases.

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in "finance and other costs" in the condensed consolidated interim statement of net income (loss) and comprehensive income (loss) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

2. SIGNIFICANT ACCOUNTING POLICIES AND JUDGMENTS (continued)

(c) Adoption of New Accounting Pronouncements Effective December 1, 2019 (continued)

IFRS Leases (continued)

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the condensed consolidated interim statement of net income (loss) and comprehensive income (loss). Short-term leases are defined as leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration and sales and marketing expense, as appropriate given how the underlying leased asset is used, in the condensed consolidated interim statement of net income (loss) and comprehensive income (loss).

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

3. ACCOUNTS RECEIVABLE

The breakdown of the accounts receivable balance was as follows:

	February 29, November 30,	
	2020	2019
Trade receivable, net	\$ 461,763	\$ 539,608
GST receivable	192,200	209,003
Insurance proceeds receivable (note 12)	31,975	125,000
Interest receivable	56,149	59,958
Related parties	39,499	39,499
	<u>\$ 781,585</u>	<u>\$ 973,068</u>

EXPERION HOLDINGS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Unaudited - Presented in Canadian Dollars)

4. BIOLOGICAL ASSETS AND INVENTORY

The Company's biological assets consist of 1,751 cannabis plants as at February 29, 2020 (November 30, 2019 – 1,492). The continuity of biological assets is as follows:

	February 29, 2020	November 30, 2019
Opening balance	\$ 233,065	\$ 137,128
Add:		
Pre harvest production cost capitalized	244,493	859,932
Fair value less cost to sell due to biological asset transformation	16,528	(78,116)
Less:		
Harvested amounts transferred out to inventory	(306,250)	(685,879)
	<u>\$ 187,836</u>	<u>\$ 233,065</u>

All biological assets are considered current. The fair value of biological assets is categorized within Level 3 on the fair value hierarchy. The significant assumptions used in determining the fair value of the cannabis are as follows:

- i. Stage of completion;
- ii. Yield by strain (actual yields used for these financial statements);
- iii. Estimated selling prices and;
- iv. Cost to complete the cannabis post-harvest and cost to sell.

The Company's estimates are, by nature subject to change. Changes in the underlying assumptions will be reflected in future changes in the gain/loss of biological assets.

Significant unobservable assumptions used in the valuation of biological assets, including the sensitivities on changes in these assumptions and their effect on the fair value of biological assets, are as follows:

Significant inputs and assumptions	Average inputs		Sensitivity	Effect on fair value	
	2020	2019		February 29, 2020	November 30, 2019
	Selling price per gram	\$4.64 - \$11.21 ⁽¹⁾		\$4.50 - \$10.55 ⁽¹⁾	Change by \$1.00 per gram
Average yield per plant	59 grams to 125 grams	71 grams to 132 grams	Change by 5 grams per plant	\$ 10,618	\$ 12,108
Stage of completion	9% - 95%	15% - 90%	Change by 10% complete	\$ 38,195	\$ 52,429
Cost to complete and sell	\$ 1.75	\$ 3.83	Change by \$1.00 per gram	\$ 54,096	\$ 53,611

⁽¹⁾ The selling price is based on the average sales price for the period.

As of February 29, 2020, the fair value less cost to complete and cost to sell was \$3.47 per gram (November 30, 2019 – \$1.53 per gram); and the biological assets were on average 52% complete (2019 – 42% complete). During the three months ended February 29, 2020, the Company's biological assets produced 105,803 grams of dried cannabis (November 30, 2019 – 425,274 grams).

4. BIOLOGICAL ASSETS AND INVENTORY (continued)

The Company accretes fair value on a straight-line basis according to the stage of growth. As a result, a cannabis plant that is 50% through its 14-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value.

As at February 29, 2020, included in the carrying amount of inventory is 283,118 grams of dry cannabis (November 30, 2019 – 172,864 grams) valued at \$783,072 (November 30, 2019 - \$500,411) that has been quality assured and is awaiting release for sale; zero grams of harvested cannabis dry weight equivalent work in progress valued at \$ - nil (November 30, 2019 – \$45,773).

Inventory comprised of the following items:

	February 29, 2020	November 30, 2019
Dried cannabis	\$ 495,876	\$ 479,991
Purchased cannabis	287,196	66,193
Supplies and consumables	109,926	37,737
Carrying amount	<u>\$ 892,998</u>	<u>\$ 583,921</u>

During the three months ended February 29, 2020, inventory expensed to cost of goods sold was \$667,461 (three months ended February 28, 2019 - \$432,679), which included \$12,692 (three months ended February 28, 2019 - \$nil) of non-cash expense related to the changes in fair value of inventory sold.

5. INVESTMENT AND DERIVATIVES

The Company, in this case, is investing in a private company that is not quoted in an active market. Transactions in such investments do not occur on a regular basis and are classified as a Level 3 fair value hierarchy assumption. The Company values investment and derivatives in unlisted equity instruments at cost for a limited period after the date of acquisition if the purchase price remains representative of fair value at the reporting date using a FINCAD Barrier Option model.

The investment represents the common shares in True North Cannabis Corp. ("True North") which have been elected to be accounted for using fair value through other comprehensive income (FVOCI). The derivatives represent the warrants in True North and are accounted for using fair value through profit and loss (FVTPL).

EXPERION HOLDINGS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Unaudited - Presented in Canadian Dollars)

5. INVESTMENT AND DERIVATIVES (continued)

As a result, the fair value of both the investment and derivatives as at February 29, 2020 are shown in the following table:

Balance, November 30, 2018	\$	-
Additions:		
Investment - True North common shares		425,876
Derivatives - True North warrants		74,124
Balance, November 30, 2019	\$	<u>500,000</u>
Change in fair value during the period:		
Realized gain on changes in fair value - True North warrants	\$	44,729
Unrealized loss on changes in fair value - True North common shares		<u>(56,298)</u>
Investment - True North common shares		369,578
Derivatives - True North warrants		118,853
Balance, February 29, 2020	\$	<u><u>488,431</u></u>

6. PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the carrying value and the changes in net book value of property, plant and equipment for the periods reflected:

	Land	Building	Production equipment	Computer hardware	Computer software	Office equipment	Total
Cost							
As at November 30, 2018	\$ 1,018,900	\$ 2,402,329	\$ 274,286	\$ 66,535	\$ 12,082	\$ 28,258	\$ 3,802,390
Additions during the year	-	1,674,009	590,026	193,021	-	12,649	2,469,705
Additions from the acquisition of EFX ⁽¹⁾	-	-	1,438,539	9,205	-	-	1,447,744
As at November 30, 2019	1,018,900	4,076,338	2,302,851	268,761	12,082	40,907	7,719,839
Additions during the period	-	62,304	25,739	80,337	-	2,221	170,601
As at February 29, 2020	\$ 1,018,900	\$ 4,138,642	\$ 2,328,590	\$ 349,098	\$ 12,082	\$ 43,128	\$ 7,890,440
Accumulated depreciation							
As at November 30, 2018	\$ -	\$ 95,452	\$ 40,127	\$ 26,022	\$ 4,027	\$ 6,392	\$ 172,020
Depreciation for the year ⁽²⁾	-	109,568	101,460	36,216	4,027	6,563	257,834
As at November 30, 2019	-	205,020	141,587	62,238	8,054	12,955	429,854
Depreciation for the period ⁽²⁾	-	37,391	33,082	24,925	1,007	2,101	98,506
As at February 29, 2020	\$ -	\$ 242,411	\$ 174,669	\$ 87,163	\$ 9,061	\$ 15,056	\$ 528,360
Net book value							
As at November 30, 2019	\$ 1,018,900	\$ 3,871,318	\$ 2,161,264	\$ 206,523	\$ 4,028	\$ 27,952	\$ 7,289,985
As at February 29, 2020	\$ 1,018,900	\$ 3,896,231	\$ 2,153,921	\$ 261,935	\$ 3,021	\$ 28,072	\$ 7,362,080

(1) See Note 7 Business Combinations for further information on the amalgamation with EFX.

(2) Of the depreciation for the period \$60,539 was included in inventory and cost of sales (2019 - \$210,312)

7. BUSINESS COMBINATIONS

On February 11, 2019, the Company entered into an amalgamation agreement with EFX Laboratories Inc. (“EFX”) for the acquisition by Experion of all the issued and outstanding Class A voting shares in the capital of EFX by way of an amalgamation of EFX and 2163903 Alberta Ltd., a wholly-owned subsidiary of Experion, in accordance with the *Business Corporations Act* (Alberta). EFX engaged in value-added applications related to medical and wellness cannabis products.

Pursuant to the amalgamation agreement, Experion acquired all the issued and outstanding EFX Shares by the issuance of common shares in the capital of Experion (the “Experion Shares”), which were issued on the basis of one Experion Share for every 2.57 EFX Shares. This transaction was assessed as a business combination. The valuation ratio is a level II fair value hierarchy input because Experion’s shares were halt-traded.

Upon completion of the acquisition, current holders of EFX Shareholders hold 49,412,781 Experion Shares, representing 50.05% of the outstanding Experion Shares and the current holders of Experion Shares hold 49,320,375 Experion Shares, representing approximately 49.95% of the outstanding Experion Shares. The transaction was determined to be an acquisition as Experion exercised control over the board after the business combination establishing power over the investee and was solely responsible for the risks and rewards of operations of the investee.

During the year ended November 30, 2019, the Company finalized the purchase price allocation. Net identifiable assets (liabilities) acquired in the purchase are identified as follows:

Total consideration		
Common shares issued	\$	25,694,646
Replaced share-based payments		56,477
	\$	25,751,123
Net identifiable assets (liabilities) acquired		
Cash	\$	13,769,006
Accounts receivable		859,542
Prepaid expenses		7,534
Property, plant and equipment		1,447,744
Accounts payable and accrued liabilities		(460,708)
Deferred tax liability		(365,779)
	\$	15,257,339
Purchase price allocation		
Net identifiable assets acquired	\$	15,257,339
Intangible assets		1,170,000
Goodwill ⁽¹⁾		9,323,784
	\$	25,751,123
Acquisition costs expensed		
Year ended November 30, 2019	\$	1,909,283

⁽¹⁾ Goodwill arising from the acquisition represents synergies, future income and growth, and other intangibles that do not qualify for separate recognition.

EXPERION HOLDINGS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Unaudited - Presented in Canadian Dollars)

8. INTANGIBLE ASSETS AND GOODWILL

The following is a continuity schedule of intangible assets and goodwill:

	Websites	Formulations	Clinical and regulatory know-how	Standard operating procedures	Total intangible assets	Goodwill
Cost						
As at November 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions during the year	94,611	-	-	-	94,611	-
Additions from the acquisition of EFX Laboratories Inc.	-	1,000,000	70,000	100,000	1,170,000	9,323,784
Impairment (Note 10)	-	-	-	-	-	(8,232,741)
As at November 30, 2019	\$ 94,611	\$ 1,000,000	\$ 70,000	\$ 100,000	\$ 1,264,611	\$ 1,091,043
Additions during the period	-	-	-	-	-	-
As at February 29, 2020	\$ 94,611	\$ 1,000,000	\$ 70,000	\$ 100,000	\$ 1,264,611	\$ 1,091,043
Accumulated amortization						
As at November 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation of definite life intangible assets for the year	7,900	-	1,750	8,333	17,983	-
As at November 30, 2019	7,900	-	1,750	8,333	17,983	-
Depreciation of definite life intangible assets for the period	7,900	-	1,750	8,333	17,983	-
As at February 29, 2020	\$ 15,800	\$ -	\$ 3,500	\$ 16,666	\$ 35,966	\$ -
Net book value						
As at November 30, 2019	\$ 86,711	\$ 1,000,000	\$ 68,250	\$ 91,667	\$ 1,246,628	\$ 1,091,043
As at February 29, 2020	\$ 78,811	\$ 1,000,000	\$ 66,500	\$ 83,334	\$ 1,228,645	\$ 1,091,043

9. SHARE CAPITAL

(a) Authorized

Unlimited number of common voting shares.
Unlimited number of preferred shares, without nominal or par value.

(b) Issued

At February 29, 2020, the total number of common voting shares outstanding by the Company were 100,531,073 (November 30, 2019 - 100,474,823).

EXPERION HOLDINGS LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Unaudited - Presented in Canadian Dollars)

10. SHARE-BASED COMPENSATION

(a) Stock options

During the three months ended February 29, 2020, the Company granted a total of 300,000 stock options with a fair value of \$0.0645 as replacement options to employees and consultants at exercise price of \$0.15 per share. Of these options, 75,000 vested immediately as of the grant date; the remaining options vest 25% every 3 months.

The Company also granted 400,000 stock options with a fair value of \$0.0645 to its employees at an exercise price of \$0.15 for a period of three years, vesting immediately.

During the three months ended February 29, 2020 995,550 options with a value of \$628,786 were forfeited and 50,000 options with a value of \$34,500 expired.

A summary of stock options outstanding is as follows:

Expiry date	Exercise price (\$)	November 30, 2018	Granted	Expired / forfeited	November 30, 2019	Granted	Expired / forfeited	February 29, 2020
October 6, 2019	0.60	525,000	-	(525,000)	-	-	-	-
December 1, 2019	1.31	50,000	-	-	50,000	-	(50,000)	-
March 21, 2020	0.94	75,000	-	-	75,000	-	-	75,000
March 23, 2020	3.60	8,325	-	-	8,325	-	-	8,325
March 23, 2020	7.21	8,325	-	-	8,325	-	-	8,325
October 23, 2020	0.91	250,000	-	(100,000)	150,000	-	-	150,000
May 31, 2021	(1) 0.64	-	389,105	-	389,105	-	-	389,105
May 31, 2021	(2) 0.81	149,625	-	-	149,625	-	-	149,625
May 31, 2021	(3) 0.91	149,625	-	-	149,625	-	-	149,625
June 14, 2021	0.91	110,000	-	(20,000)	90,000	-	-	90,000
June 21, 2021	0.81	999,625	-	(149,625)	850,000	-	-	850,000
October 11, 2021	0.89	561,797	-	-	561,797	-	(561,797)	-
October 23, 2021	0.91	50,000	-	-	50,000	-	-	50,000
February 13, 2022	0.78	-	400,000	-	400,000	-	(150,000)	250,000
March 18, 2022	0.65	-	275,000	(25,000)	250,000	-	(25,000)	225,000
March 26, 2022	0.65	-	250,000	-	250,000	-	-	250,000
October 6, 2022	0.60	750,000	-	(100,375)	649,625	-	-	649,625
December 11, 2022	0.15	-	-	-	-	700,000	-	700,000
May 8, 2023	0.64	-	389,105	(389,105)	-	-	-	-
August 20, 2023	(4) 0.90	-	233,462	-	233,462	-	(233,462)	-
October 8, 2023	0.90	-	19,455	(19,455)	-	-	-	-
October 15, 2023	0.90	-	52,528	(33,073)	19,455	-	(19,455)	-
November 1, 2023	0.90	-	5,836	-	5,836	-	(5,836)	-
Options outstanding		3,687,322	2,014,491	(1,361,633)	4,340,180	700,000	(1,045,550)	3,994,630
Options exercisable		3,273,159	1,199,115	-	3,840,775	475,000	-	3,769,630
Weighted average exercise price (\$)		\$ 0.79	\$ 0.71	\$ 0.35	\$ 0.79	\$ 0.15	\$ 0.77	\$ 0.66

(1) These options' original expiry date was June 1, 2023.

(2) These options' original expiry date was June 21, 2021.

(3) These options' original expiry date was October 23, 2021.

(4) These options expired on December 7, 2019.

10. SHARE-BASED COMPENSATION (continued)

(a) Stock options (continued)

During the three months ended February 29, 2020, the Company recorded aggregate share-based compensation expense of \$46,704 (three months ended February 28, 2019 - \$283,537) for all stock options granted and vested during the period. This expense is included in cost of sales and the share-based compensation lines on the condensed consolidated interim statement of net loss and comprehensive loss.

Stock options granted during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

	2020	2019
Risk-free interest rate	1.67%	1.45-1.8%
Expected stock price volatility	111.69%	103-109%
Expected option life in years	3 years	0.10 to 4.17 years
Expected dividend in yield	Nil	Nil
Forfeiture rate	Nil	Nil
Share price at grant	\$0.105	\$0.52 - \$1.31
Exercise price	\$0.15	\$0.64 - \$0.90

The weighted average fair value of stock options granted during the three months ended February 29, 2020 was \$0.0645 (three months ended February 28, 2019 - \$0.73) per option.

(b) Restricted share units ("RSUs")

A summary of RSUs outstanding is as follows:

Expiry date	Deemed price (\$)	November 30, 2018			Vested and Converted into shares	November 30, 2019			February 29, 2020
		Granted	Cancelled			Granted	Converted into shares		
October 6, 2018	0.54	149,625	-	(149,625)	-	-	-	-	-
March 18, 2019	0.53	-	50,000	-	(50,000)	-	-	-	-
December 31, 2019	0.94	50,000	-	-	(25,000)	25,000	-	(25,000)	-
February 11, 2020	0.51	-	31,250	-	-	31,250	-	(31,250)	-
May 31, 2020	0.40 & 0.51	-	50,000	-	-	50,000	-	-	50,000
June 17, 2020	0.40	-	31,250	-	-	31,250	-	-	31,250
July 22, 2020	0.18, 0.40 & 0.51	-	150,000	-	-	150,000	-	-	150,000
1 year from resignation	0.115, 0.18, 0.40 & 0.51	-	187,500	-	-	187,500	131,250	-	318,750
RSUs outstanding		199,625	500,000	(149,625)	(75,000)	475,000	131,250	(56,250)	550,000
RSUs vested		149,625	50,000	-	-	-	-	-	-

During the three months ended February 29, 2020, the Company recorded share-based compensation of \$27,010 (three months ended February 28, 2019 - \$8,268) for all RSUs granted and vested during the period. This expense is included in the share-based compensation line on the condensed consolidated interim statement of net loss and comprehensive loss.

11. RELATED PARTIES

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 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 three months ended	
	February 29, 2020	February 28, 2020
Management compensation ⁽¹⁾	\$ 508,423	\$ 128,856
Directors' fees	-	73,750
Share-based payments ⁽²⁾	8,098	181,405
	\$ 516,520	\$ 384,011

(1) Management compensation includes severance of \$370,833 paid to a past officer included within restructuring fees in the condensed consolidated interim statement of net loss and comprehensive loss.

(2) 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 three months period ended February 29, 2020 as follows:

	For the three months ended	
	February 29, 2020	February 28, 2020
Consulting fees paid or payable to companies in which the officers of the Company have control over	\$ -	\$ 52,280
Operational fees paid or payable to companies owned by a director of the Company	67,410	56,377
	\$ 67,410	\$ 108,657

Related party balances

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

	February 29, 2020	November 30, 2019
(i) Former director ⁽¹⁾	\$ 34,999	\$ 39,499
(ii) Current directors ⁽²⁾	9,242	23,750

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

(2) The amounts are payable in the normal course of business.

12. COMMITMENTS AND CONTINGENCIES

Claims and litigation

Experion's predecessor Morro Bay Resources Ltd. ("Morro Bay") was named in a legal action in April 2017. Dundee 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, Viridium 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 and associated legal fees were covered by the Company's insurers and have been recorded as insurance proceeds and accounts receivable at November 30, 2019 and February 29, 2020, respectively.

13. REVENUE

The following table summarizes cannabis revenue by product for the year:

	February 29, 2020	February 28, 2019
Dried cannabis	\$ 782,890	\$ 310,130
Cannabis plants	10,640	6,759
Other cannabis products	10,124	-
	\$ 803,655	\$ 316,889

During the three months ended February 29, 2020, 4 of the Company's customers represented approximately 95% (February 28, 2019 – 2 customers represented 98%) of the Company's gross revenue.

14. SEGMENTED INFORMATION

As at February 29, 2020, the Company operates in one segment: the production, sale and distribution of cannabis products. All property, plant and equipment are in Canada.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK

Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine the fair value of each financial instrument.

	Fair value method	Fair Value Hierarchy
Financial assets		
Cash and cash equivalents	Amortized cost	Level 1
Accounts receivable	Amortized cost	Level 1
Investment in True North - common shares	FVOCI	Level 3
Investment in True North - warrants	FVTPL	Level 3
Financial liabilities		
Accounts payable and accrued liabilities	Amortized cost	Level 1

(a) Fair value of financial instruments

The carrying values of the financial instruments carried at amortized cost at February 29, 2020, approximate their fair value due to the relatively short maturity of those instruments.

The fair value of the investment in True North was measured using a Level 3 fair value hierarchy inputs in Note 5.

(b) Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

(i) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from cash and accounts receivables.

The risk exposure is limited to their carrying amounts at the statement of financial position date. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has limited risk due to the fact that the majority of cannabis sales are transacted with Canadian provincial/territorial agencies, and the majority of medical cannabis and other sales are transacted with credit cards.

As at February 29, 2020, 62% (November 30, 2019 – 55%) of the receivables are from customers and of those 96% are outstanding for less than 30 days. The Company has assessed its expected credit loss in accordance with IFRS 9 and determined it to be nominal due to the nature and term of the receivables.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK (Continued)

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

The composition of the Company's accounts payable and accrued liabilities is as follows:

	February 29, 2020	November 30, 2019
Trade payables	\$ 453,995	\$ 400,557
Accrued liabilities	345,065	310,277
Payroll liabilities	1,680	109,582
Taxes payable	73,839	82,921
Due to related parties	9,242	23,500
	\$ 883,821	\$ 926,837

The Company's accounts payable and accrued liabilities as at February 29, 2020, are expected to be paid within one year.

17. SUBSEQUENT EVENT

On March 3, 2020, the Company cancelled 685,000 of employee and consultant stock options with original expiry dates from March 21, 2020 to March 18, 2022. The Company granted 685,000 new stock options to its employees and consultants at an exercise price of \$0.15 per share, expiring on March 3, 2023.