EXPERION HOLDINGS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2020

(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 three month period ended February 29, 2020. 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 unaudited condensed interim consolidated financial statements of the Company for the three-months period ended February 29, 2020 and February 28, 2018, and related notes thereto. The results for the three-months period ended February 29, 2020, 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.

CORPORATE HIGHLIGHTS

Strategic Focus

Experion’s strategic focus continues to be distributing and selling true premium craft flower and cannabis products under our consumer brand, Citizen Stash, which is in 600 retailers throughout five provinces and two territories across Canada. Citizen Stash is gaining a reputation in the marketplace for being a provider of top shelf cannabis products who consistently offers the consumer value and a superior experience.

We continue to strive to offer an increasing number of premium cannabis products to drive both revenue and profitability. Experion has a number of contract purchase arrangements in place and grow partnerships with other licensed producers in various stages of development to expand our premium flower capacity and support our product offerings. Our commercially viable genetics, grow experience and access to retail distribution is unique and is attractive to other cultivators who do not have the ability to reach consumers directly.

Production and Operational Highlights

Experion is focused on being a cultivator and distributor of cannabis products 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.

Our 14,500 square foot facility in Mission, BC has been optimized to develop genetics, 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.

The following are a few of the Company's recent operational successes:

- Since the beginning of the fiscal year, we have processed 180,142 grams of dried flower from supply partners to be sold through the retail distribution channel.
- Began manufacturing and distributing premium cannabis pre-rolls in May 2020 with the first shipment to Saskatchewan and purchase orders in place for both British Columbia and Alberta. Each pre-roll consists of half a gram of high-quality flower and is 100% strain specific.
- Recent launch of 5 new unique cannabis strains cultivated in-house and through contract purchases to complement existing portfolio.
- Achieved 127% revenue growth in the first quarter of 2020 compared to the fourth quarter of 2019.
- Increased Licensed Space: Capital improvements initiated at the facility in Q2 2019 were completed in Q4 2019 and have since 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.
- 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.

The Company's key strategic objectives are centered 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

<u>Citizen Stash – Consumer Brand</u>

Experion's consumer brand, Citizen Stash, gaining traction in the marketplace and is sold in over 600 provincial and private licensed retailers in five provinces and two territories across Canada. Brand recognition has been established through our premium cannabis product offerings supported by our unique cannabis strains. Experion has launched 5 cannabis strains alone in Q1 2020 including 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:

- Fastest Selling Brand: Citizen Stash products consistently sell out within hours once delivered to provincial distributors.
- First to Market Unique Cannabis Strains including:
  - 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 8% with 22% THC creating one of the best flavoured highest terpene strains on the market.
  - Citizen Stash Sunset Sherbet is a flavourful and fruity strain tasting of sherbert, bubblegum, berries and has notes of a forest-like freshness. An indica dominant hybrid (85%) that is a potent cross between Girl Scout Cookies X Pink Panties strains.
- Expanded cannabis product offerings including the recent launch of premium cannabis pre-rolls consisting of half a gram of high-quality flower that is 100% strain specific.
- Named Top 5 Product 2019: Citizen Stash's Lemon Zkittle outranked hundreds of regional and national brands at the Canadian Cannabis Awards.
- 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 ability to source other licensed craft cultivators, process and distribute premium 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.

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 working towards a presence in Ontario. We are actively engaging retailers that represent hundreds retail stores in the provinces of Alberta and Ontario alone.

SELECTED FINANCIAL INFORMATION

	For the three months ended		
Selected Statements of Loss Information (in $)	**February 29, 2020**	**November 30, 2019**	**February 28, 2019**
Revenue	803,655	631,978	316,889
Gross profit (loss)	28,047	(51,952)	(88,400)
Expenses	986,214	1,669,107	1,055,005
Other expense	(285,432)	(8,257,947)	(1,715,638)
Net loss and comprehensive loss	(1,299,897)	(10,512,463)	(2,859,043)
Basic and diluted loss per share	(0.01)	(0.11)	(0.05)
Weighted average number of common shares outstanding	100,505,455	99,027,936	58,653,900
Adjusted EBITDA[1]	(804,711)	(1,942,459)	(4,299,824)

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 $)	**February 29, 2020**	**November 30, 2019**
Cash	3,411,105	4,968,351
Inventory	892,998	583,921
Other working capital	499,459	520,015
Non-current assets	10,170,199	10,127,656
Equity	14,842,218	16,068,400

Revenue

The Company continued to show revenue growth in net revenue for the three months ended February 29, 2020, compared to the three months ended November 30, 2019. Cannabis sales increased to $803,655 during the three months ended February 20, 2020, an increase of $171,677 or 27% from the prior quarter. Revenue growth was fueled by increased consumer cannabis sales at a higher than industry average net selling price of $7.86 per gram during the quarter; an increase of $1.20 per gram compared to the prior quarter. During the first quarter of 2020, the Company launch of 5 new cannabis strains under its consumer brand, Citizen Stash, including MAC1; which was 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.

Total cannabis net revenue in the first quarter of 2020 nearly exceeded the combined revenue for the third and four quarter of 2019 of $804,855 showing the Company's potential growth trajectory for the remaining months of fiscal 2020.

The Company expects the 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, introduce other higher margin products, such as soft gel capsules and pre-rolls, into our product portfolio.

For the three months ended February 29, 2020, total cannabis revenue increased by $486,766 compared to the same period in the prior year due to a ramp up of production. The Company obtained its license to sell cannabis in August 2018 and did not start to recognize sales until the fourth quarter of 2018.

Gross Margin

Gross margin on gross cannabis sales, excluding the impact of fair value changes, for the three months ended February 29, 2020, was 3.0% compared to negative 18% in the prior quarter, resulting from higher economies of scale realized in connection with an increase in production and processing of cannabis; in addition to a higher than industry standard average net selling price.

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, was 3.0% for the three months ended February 29, 2020, compared to negative 36.5% for the same period in the prior year. The increase in gross margin is due to higher economies of scale in connection with increased production and processing of cannabis combined with a higher average selling price.

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

	For the three months ended	
	February 29, 2020	**November 30, 2019**
Total consolidated cost of sales	654,769	645,257
Adjustments:		
Cost of clone sales	(2,405)	(6,458)
Depreciation and amortization	(85,607)	(59,991)
Share-based compensation	(7,673)	(10,802)
Other non-cannabis flower cost of sales	(18,533)	-
Cash cost of dried cannabis sold	540,551	568,006
Packaging and selling costs	(118,953)	(117,316)
Cash costs to produce dried cannabis sold	421,598	450,690
Grams of cannabis sold	99,266	91,781
Cash cost of sales per gram of dried cannabis sold	$5.45	$6.19
Cash costs to produce per gram of dried cannabis sold	$4.25	$4.91

Cash cost of sales per gram of dried cannabis sold decreased by $0.74 per gram during the three months ended February 29, 2020 compared to the prior quarter. The decrease is primarily attributable increased cultivation and processing of dried cannabis; as well as improved economies of scale.

The Company achieved a 8% increase in the volume of dried cannabis sold that was produced at the facility from 91,781 grams in Q4 2019 compared to 99,266 grams in Q1 2020.

Expenses

(in $)	For the three months ended		
	February 29, 2020	**November 30, 2019**	**February 28, 2019**
Salaries and wages	388,084	650,077	292,562
General and administrative	219,125	285,278	313,732
Professional fees	175,378	357,100	62,033
Sales and marketing	99,619	189,595	111,821
Depreciation and amortization	37,967	25,772	6,819
Share-based compensation	66,041	161,285	268,038
Restructuring fees	417,101	174,116	-
Acquisition fees	-	6,646	1,736,492
Goodwill impairment	-	8,232,741	-

Salaries and Wages

Salaries and wages decreased $261,993 during the three months ended February 29, 2020, compared to the prior quarter, primarily due to efforts to optimize business processes and functions resulting in terminating roles considered redundant.

The increase in salaries and wages of $95,522 during the three months ended February 29, 2020, compared to the same period in the prior year, is due to the hiring of required resources to support growth in all areas of the business.

General and Administrative

General and administrative expense decreased $66,153 during the three months ended February 29, 2020, compared to the prior quarter; and $94,607 compared to the same period in the prior year. The decrease is mainly due to a concerted effort to reduce operating expenses with the aim of profitability in the near term.

Professional Fees

Professional fees decreased $181,722 during the three months ended February 29, 2020, compared to the prior quarter, primarily due to lower legal fees associated with contract review and legal issues.

The increase of $113,345 in professional fees during the three months ended February 29, 2020, compared to the same period in 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 decreased by $89,976 during the three months ended February 29, 2020, compared to the prior quarter, mainly due to an effort to eliminate and renegotiate lower consulting and services fees.

Sales and marketing expense increased by $12,202 during the three months ended February 29, 2020, compared to the same period in the prior year.

Depreciation and Amortization

Depreciation and amortization expense increased by $12,195 during the three months ended February 29, 2020, compared to prior quarter; and $31,148 compared to the same period in the prior year. The increase is primarily due to commencing depreciation of definite life intangible assets acquired as part of the business combination with EFX and of the capital improvements completed in the fourth quarter of 2019.

Share-based Compensation

Share-based payments decreased by $95,244 during the three months ended February 29, 2020, compared to the prior quarter, mainly due to options granted as part of the company wide employee stock option plan fully vesting in the fourth quarter of 2019.

The decrease of $201,997 in share-based payments expense for the three months ended February 29, 2020, compared to the same period in 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 increased $242,985 during the three months ended February 29, 2020, compared to the prior quarter, primarily due to the termination of roles considered redundant.

The increase of $417,101 in restructuring fees for the three months ended February 29, 2020, compared to the same period in the prior year, is due to the same reasons outlined above.

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		
	February 29, 2020	November 30, 2019	February 28, 2019
Net loss and comprehensive loss for the period	(1,299,897)	(10,512,463)	(2,859,043)
Depreciation and amortization	37,967	25,772	6,819
Interest income	(20,345)	(30,556)	(20,854)
Share-based compensation	66,041	161,285	268,038
Impairment of goodwill	-	8,232,741	-
Acquisition fees	-	6,646	1,736,492
Restructuring fees	417,101	174,116	-
Adjusted EBITDA	(799,133)	(1,942,459)	(868,548)

For the three months ended February 29, 2020, adjusted EBITDA increased by $1,143,326 compared to the prior quarter, primarily due to decreased salaries and wages; general and administration costs and professional fees resulting from a concerted effort to streamline operations and reduce costs.

Adjusted EBITDA for the three months ended February 29, 2020, increased by $69,415 compared to the same period in the prior year, mainly due to a gross loss on sales in the prior year.

QUARTERLY RESULTS

The following table presents certain unaudited financial information for each of the eight quarters up to and including the quarter ended February 29, 2020. 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 $)	**February 29, 2020**	**November 30, 2019**	**August 31, 2019**	**May 31, 2019**
Revenue	803,655	631,978	172,877	445,545
Net loss and comprehensive loss	(1,299,897)	(10,512,463)	(940,424)	(1,841,897)
Weighted average number of common shares outstanding	100,505,455	99,027,936	98,808,156	96,773,373
Basic and diluted loss per share	(0.01)	(0.11)	(0.01)	(0.02)

	Three months ended			
(in $)	**February 28, 2019**	**November 30, 2018**	**August 31, 2018**	**May 31, 2018**
Revenue	316,889	771,938	-	-
Net loss and comprehensive loss	(2,859,043)	(1,328,746)	(1,398,337)	(770,530)
Weighted average number of common shares outstanding	58,653,900	49,271,547	48,701,778	46,680,984
Basic and diluted loss per share	(0.05)	(0.03)	(0.03)	(0.02)

FINANCIAL POSITION

The following table provides a summary of our financial position as at February 29, 2020 and February 28, 2019.

(in $)	February 29, 2020	November 30, 2019
Total assets	15,857,582	17,126,780
Total liabilities	1,015,364	1,058,380
Share capital	37,166,575	37,160,387
Reserves	3,541,976	3,474,449
Deficit	(25,810,035)	(24,566,436)

Total Assets

Total assets decreased by $1,269,198 as at February 29, 2020, from $17,126,780 as at November 30, 2019, primarily due to a decrease in cash; partially offset by an increase in inventory and prepaid expenses.

Total Liabilities

Total liabilities decreased by $43,016 as at February 29, 2020, from $1,058,380 as at November 30, 2019, primarily due to fluctuations in trade accounts payable associated with increased operations.

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	February 29, 2020	November 30, 2019
Common shares issued and outstanding	100,531,073	100,531,073	100,474,823
Stock options	3,997,980	3,994,630	4,340,180
Restricted share units	550,000	550,000	475,000

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 of February 29, 2020, the Company had $3,411,105 of cash, $781,585 of receivables and $883,821 of accounts payable and accrued liabilities. As at November 30, 2019, the Company had $4,968,351 of cash and cash equivalents, $973,068 of receivables and $926,837 of accounts payable and accrued liabilities.

(in $)	**February 29, 2020**	**November 30, 2019**	**February 28, 2019**
Operating activities	(1,386,645)	(7,594,289)	(2,294,401)
Investing activities	(170,601)	10,704,690	13,565,289
Financing activities	-	250,000	-

Operating Activities

Net cash used in operating activities for the three months ended February 29, 2020, was $1,386,645 as a result of a net loss and comprehensive loss for the period of $1,299,897 and increases to working capital items of $198,762 from increased operational activity; partially offset by non-cash expenses of $112,014.

During the comparative three months ended February 28, 2019, net cash used in operating activities was $2,294,401 as a result of a comprehensive loss for the period of $2,859,043; partially offset by share-based compensation expense of $268,038 (non-cash expense) and a decrease in working capital items of $293,409.

Investing Activities

During the three months ended February 29, 2020, net cash used in investing activities was $170,601, due to the purchase of property, plant and equipment to set up the recently licensed cultivation and processing rooms at the facility. During the comparative three months ended February 28, 2019, net cash provided by investing activities was $13,565,289, 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.

Financing Activities

Net cash received from financing activities for the three months ended February 29, 2020 was $nil compared to the prior quarter due to the issuance of common shares as part of a private placement in the fourth quarter of 2019.

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 February 29, 2020, total current assets less current liabilities totalled $4,803,562.

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 February 29, 2020, the Company had cash of $3,067,000 held in a redeemable short-term investment certificate. At February 29, 2020, a 1% decrease in interest rates would result in a reduction in interest income by $30,670 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 institution 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 had 4% in trade accounts receivable outstanding over 60 days at February 29, 2020. 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 February 29, 2020, the Company has subsequently collected 100% of the total balance. Of the Company's trade receivables outstanding at February 29, 2020, 90% are held with 3 provincial customers of the Company.

The carrying amount of cash and receivables represent the maximum exposure to credit risk, and as at February 29, 2020, this amounted to $4,192,690.

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 four provincial customers of the Company representing 95% of total revenue in the three-month period ended February 29, 2020.

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 February 29, 2020, the Company has $3,411,105 of cash. The Company is obligated to pay accounts payable and accrued liabilities of $883,821. As at February 29, 2020, total current assets less current liabilities totalled $4,803,562.

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.

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 that are 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.

There have been no changes in the Company's significant accounting judgments and estimates during the three months ended February 29, 2020. For more information on the Company's accounting policies and key estimates, refer to the note disclosures in the annual consolidated financial statements and MD&A as at and for the year ended November 30, 2019.

NEW STANDARDS EFFECTIVE DECEMBER 1, 2019

The Company has adopted the following new IFRS standard for the period beginning December 1, 2019.

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.

The Company adopted the standard on December 1, 2019, and the impact of this new standard on its condensed consolidated interim financial statements was negligible. 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.

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.

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 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.

RISK FACTORS

Many factors could cause the Company's actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following factors, which are discussed in greater detail under the heading "Risk Factors" in the Company's annual consolidated financial statements and MD&A as at and for the year ended November 30, 2019, available at www.sedar.com, which risk factors are incorporated by reference into this document, and should be reviewed in detail by all readers:

- ability to successfully obtain and renew Cannabis Act licenses, adhere to all regulatory requirements, and maintain the good standing of our licenses;
- actions by governmental authorities, including changes in laws, regulations and guidelines, which may have adverse effects on the Company's operations;
- risk of failure or delay to acquire regulatory approvals required to produce and sell cannabis;
- the Company has a limited operating history and no assurance of profitability;
- ability to successfully purchase cannabis to process and distribute and whether the Company is able to realize its growth targets as a result;
- ability to execute the Company's strategy without additional financing;
- operating hazards and uninsured risks;
- availability of strategic alliances which complement or augment the Company's existing business;
- possibility of product liability claims against the Company;
- risk of product recalls and returns;
- ability to successfully develop new products and obtain required regulatory approvals;
- conflicts of interest which may arise between the Company and its directors and officers;
- potential for legal proceedings arising in the normal course of business;
- risks related to agricultural operations, including disease, insect pests, and changes in climate;
- the Company's dependence on transportation services and the possibility of disruptions;
- the price of production of cannabis will vary based on a number of factors outside of our control;
- risks related to compliance with safety, health, and environmental regulations;
- risk of political and economic instability in the jurisdictions in which the Company operates;
- execution of the Company's growth strategy;
- volatility in the Company's common share price on the TSX-V and OTCQB;
- global economy risk, which may impact the Company's ability to raise equity or obtain additional financing;
- future issuances of equity could decrease the value of the Company's shares;
- risks associated with the absence of dividends paid to shareholders;
- risks associated with breaches of security at our facilities or in respect of electronic documents and data storage and risks related to breaches of applicable privacy laws;
- cyber security risks, loss of information and computer systems;

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"