EXPERION HOLDINGS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED MAY 31, 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 and six month period ended May 31, 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 and six month period ended May 31, 2020 and May 31, 2019, and related notes thereto. The results for the three and six month period ended May 31, 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 July 28, 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 July 28, 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 July 28, 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 over 600 retailers have access to throughout five provinces and two territories across Canada. Citizen Stash has a reputation in the marketplace for being a provider of top shelf cannabis products which consistently offers consumer value and a superior experience.

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

Global Pandemic

We are closely monitoring the guidance of federal and local government authorities, and global health organizations on COVID-19 with the objective of prioritizing the health and safety of our employees, contractors, customers and the communities in which we operate.

In early March, Experion implemented the guidance provided by the various authorities and introduced COVID-19 protocols designed to safeguard our employees, contractors and customers by providing a healthy and safe work environment. Management halted all non-essential company travel; as well as deterred employees from participating in conferences or large gatherings until further notice. Our Health Canada certified facility already includes extensive cleaning and sanitation requirements including full protective equipment for those who are in contact with cannabis products, but as mentioned, we initiated additional protocols specific to COVID-19 such as:

- Guidance on COVID-19 for employees, in particular those that are feeling unwell
- Self isolation policy for employees who have travelled in the last three weeks
- Increased sanitation and cleaning frequency throughout the facility
- Separate entrances for employees and contract workers
- Screening of employees and contract workers as they arrive on site
- Social distancing within the workplace

- Encouraging employees to work remotely when possible including virtual meetings

Production and Operational Highlights

Experion is focused on expanding our cultivation and distribution of cannabis products without the need to invest in large-scale capital projects which would involve high overhead costs, major capital commitments and integration challenges. To achieve this objective, the Company is committed to perfecting processes and products before increasing 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. Focusing on quality has provided several advantages; most notably, our ability to acquire the necessary licensing and retail distribution to generate revenue and the ability to scale successful products quickly.

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

- Since the beginning of the fiscal year, we have processed and sold 290,058 grams of dried flower through the retail distribution channel compared to 115,985 grams for the same period in 2019; an increase of 250% year over year.
- Continue to produce and distribute premium cannabis pre-rolls which were first launched in May 2020 with shipments to Saskatchewan, British Columbia and Alberta. Each pre-roll consists of half a gram of high-quality flower and is 100% strain specific.
- Commercialized 6 new unique cannabis strains cultivated in-house and through contract purchases to date with another 4 being launched in the next 60 days to complement our existing portfolio.
- Achieved 114% revenue growth in the second quarter of 2020 compared to the first quarter of 2020; with YTD 2020 revenue exceeding full year 2019 sales by 61% by monetizing facility improvements made in 2019 allowing us to process additional cannabis.
- Experion received it amended sales license for derivatives in the second quarter of 2020. Health Canada approved the license amendment authorizing Experion to develop, manufacture, sell and distribute cannabis extracts, topicals and edibles to provincial distributors and the adult-use cannabis market across Canada. This license amendment allows the Company to capitalize on the growing national demand for cannabis derivatives; and accordingly, Experion plans to launch a series of in demand concentrates and edible products under its premium Citizen Stash brand in the next 90 days.
- Over 65 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. Experion has made significant efforts to reduce go forward operational expenses by at least 30% with the aim of near-term profitability. YTD operating expenses have decreased by $901,318 or 32% compared to the same period in the prior year. This reduction has been achieved by:

- Reducing office expenditures including closures of certain offices deemed unnecessary;
- Terminating roles considered redundant;
- Hibernating the clinical trial and related research;
- Eliminating and renegotiating consulting and services fees; and
- Optimizing business processes and functions.

Brand and Product Development

Citizen Stash – Consumer Brand

Experion's consumer brand, Citizen Stash, continues to gain 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 6 cannabis strains in 2020 including the introduction of our highest THC level strain yet, "MAC1" with another four strains being introduced in the next 60 days. Consumer response to MAC1 and the other strains introduced so far in 2020 have been well received, with shipments often selling out in a couple of days.

These are some of Citizen Stash's recent successes:

- Fastest Selling Brand: Citizen Stash products consistently sell out within days 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.

Our premium craft products are supported by our established genetic bank of high-quality commercially viable strains allowing Experion to launch first to market, with enough variety of 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.

In the next 90 days, Experion plans to launch both a combination of strain specific and non-strain specific edibles and concentrates to the consumer market.

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, Manitoba and Saskatchewan and Ontario; and two territories, Yukon and Northwest Territories. The Company continues to focus on registration with Quebec and the Maritimes. We are actively engaging agents to target retailers on our behalf throughout Canada and expect these relationships to solidify in the third quarter of 2020.

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SELECTED FINANCIAL INFORMATION

Selected Statements of Net Loss and Comprehensive Loss Information (In $)	Three months ended			Six months ended	
	May 31, 2020	February 29, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Revenue	1,719,634	803,655	445,545	2,523,289	762,434
Gross profit (loss)	666,741	28,047	(129,750)	694,788	(218,150)
Expense	888,311	986,214	1,720,838	1,874,525	2,775,843
Other expense (income)	56,731	285,432	(8,691)	342,163	1,706,947
Net loss and comprehensive loss	(278,301)	(1,299,897)	(1,841,897)	(1,578,198)	(4,700,940)
Basic and diluted loss per share	(0.00)	(0.01)	(0.02)	(0.02)	(0.06)
Weighted average number of shares outstanding	100,532,160	100,505,455	96,773,373	100,518,880	78,934,074
Adjusted EBITDA[1]	(83,509)	(799,133)	(1,729,357)	(882,642)	(2,597,905)

[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 $)	**May 31, 2020**	**November 30, 2019**
Cash	3,019,124	4,968,351
Inventory	1,439,392	583,921
Other working capital	56,373	520,015
Non-current assets	10,263,072	10,127,656
Equity	14,646,418	16,068,400

Revenue

The Company continues to show significant growth in revenue in fiscal 2020. Cannabis revenue was $2,523,289 for the six month period ended May 31, 2020. Cannabis sales increased by $915,979 (114%) during the three months ended May 31, 2020, compared to the prior quarter; and increased by $1,760,855 (231%) compared to the same six month period in the prior year.

Revenue growth was primarily fueled by an increase in cannabis distributed in the retail channel due to bought cannabis from grow partners and contract growers; in addition to a higher than industry average net selling price per gram. During the six month period ended May 31, 2020, 290,058 grams were sold, an increase of 90,486 grams from the prior quarter, and 115,984 grams compared to the same period in 2019. The average selling price during the six months ended May 31, 2020, was $8.59 per gram; an increase of $0.73 compared to the prior quarter and $2.40 per gram compared to the same period in 2019.

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 concentrates and edibles into our product portfolio.

Gross Margin

Gross margin on gross cannabis sales, excluding the impact of fair value changes, for the three months ended May 31, 2020, was 21% compared to 4% in the prior quarter mainly due to economies of scale from increased volume of cannabis processed and sold; 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 from improved efficiencies in our own cultivation, higher volume of cannabis bought from grow partners at fixed costs per gram and increased distribution as a result.

Gross margin on gross consumer cannabis, excluding the impact of fair value changes, was 15% for the six months ended May 31, 2020, compared to negative (20)% 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.

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

	Three months ended			Six months ended	
(in $)	**May 31, 2020**	**February 29, 2020**	**May 31, 2019**	**May 31, 2020**	**May 31, 2019**
Total consolidated cost of sales	1,144,443	654,769	438,416	1,799,212	871,095
Adjustments:					
Cost of clone sales	(5,699)	(2,405)	(5,048)	(8,104)	(8,054)
Depreciation and amortization	(95,164)	(85,607)	(49,935)	(180,771)	(97,142)
Shared-based compensation	(17,450)	(7,673)	(62,897)	(25,123)	(87,925)
Other non-cannabis flower cost of sales	(13,502)	(18,533)	-	(47,771)	(67,100)
Cash cost of dried cannabis sold	1,012,628	540,551	320,536	1,537,443	610,874
Packaging and selling costs	(272,564)	(118,953)	(76,223)	(491,312)	(76,223)
Cash costs to produce dried cannabis sold	740,064	421,598	244,313	1,046,131	534,651
Grams cannabis sold	190,272	99,786	95,741	290,058	174,074
Cash cost of sales per gram of dried cannabis sold	$5.32	$5.45	$3.35	$5.30	$3.51
Cash costs to produce per gram of dried cannabis sold	$3.89	$4.25	$2.55	$3.61	$3.07

Cash cost of sales per gram of dried cannabis sold decreased by $0.13 per gram during the three month ended May 31, 2020, compared to the prior quarter; but increased by $1.79 per gram during the six months ended May 31, 2020, compared to the same period in 2019. The increase is primarily attributed to a higher cost per gram for cannabis purchased from grower partners and contract growers compared to internal cultivation.

Cash costs to produce per gram of dried cannabis sold decreased by $0.36 per gram during the three months ended May 31, 2020, compared to the prior quarter mainly due to improved economies of scale. Cash costs to produce per gram of dried cannabis sold increased by $0.54 compared to the same six month period in 2019, mostly due to increased cultivation and processing costs of dried cannabis.

Grams of cannabis sold increased 90,486 grams (91%) during the three months ended May 31, 2020, compared to the prior quarter; and increased by 115,984 grams (67%) for the six month period ending May 31, 2020 compared to the six months ended May 31, 2019. The increase is due to the increase in cultivation capacity through grow partners and contract growers.

Expense

	Three months ended			Six months ended	
(in $)	**May 31, 2020**	**February 29, 2020**	**May 31, 2019**	**May 31, 2020**	**May 31, 2019**
Salaries and wages	375,852	388,084	805,034	763,936	1,097,596
General and administrative	185,529	219,125	443,211	404,654	748,929
Professional fees	198,743	175,378	245,222	374,121	315,269
Sales and marketing	30,620	99,619	106,140	130,239	217,961
Depreciation and amortization	32,516	37,967	7,453	70,483	14,272
Share-based compensation	65,051	66,041	113,778	131,092	381,816
Restructuring fees	104,558	417,101	-	521,659	-
Acquisition fees	-	-	20,049	-	1,756,541

Salaries and Wages

Salaries and wages decreased $12,232 during the three months ended May 31, 2020, compared to the prior quarter; and $333,660 compared to the six months ended May 31, 2019, mainly due to efforts to optimize business processes and functions resulting in terminating roles considered redundant.

General and Administrative

General and administrative expense decreased $33,516 during the three months ended May 31, 2020, compared to the prior quarter; and $344,275 compared to the six months ended May 31, 2019, mainly due to a concerted effort to reduce operating expenses with the aim of profitability in the near term.

Professional Fees

Professional fees decreased $23,365 during the three months ended May 31, 2020, compared to the prior quarter, but increased $58,852 compared to the six months ended May 31, 2019, primarily due to increased audit and accounting fees.

Sales and Marketing

Sales and marketing expense decreased by $68,999 during the three months ended May 31, 2020, compared to the prior quarter, mainly due to a trade show that occurred in Q1 2020.

Sales and marketing expense decreased by $141,722 during the six months ended May 31, 2020, compared to the same period in the prior year due to an effort to eliminate and renegotiate lower consulting and services fees.

Depreciation and Amortization

Depreciation and amortization expense of $32,516 was relatively flat during the three months ended May 31, 2020, compared to prior quarter; and $56,211 higher 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 of $65,051 were relatively flat during the three months ended May 31, 2020, compared to the prior quarter

The decrease of $250,724 in share-based payments expense for the six months ended May 31, 2020, compared to the same period in the prior year, is mainly due to options granted as part of the company wide employee stock option plan fully vesting in the fourth quarter of 2019.

Restructuring Fees

Restructuring fees decreased $312,543 during the three months ended May 31, 2020, compared to the prior quarter, primarily due to severance payments made for roles terminated due to redundancy in the first quarter of 2020.

The increase of $521,659 in restructuring fees for the six months ended May 31, 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.

	Three months ended			**Six months ended**	
Adjusted (non-GAAP measure) (in $)	**May 31, 2020**	**February 29, 2020**	**May 31, 2019**	**May 31, 2020**	**May 31, 2019**
Net loss and comprehensive loss for the period	(278,301)	(1,299,897)	(1,841,897)	(1,578,198)	(4,700,940)
Depreciation and amortization	32,516	37,967	7,453	70,483	14,272
Share-based compensation	65,051	66,041	113,778	131,092	381,816
Interest income	(7,333)	(20,345)	(28,740)	(27,678)	(49,594)
Other income, net	(40,494)	(111,324)	-	(151,818)	-
Acquisition fees	-	-	20,049	-	1,756,541
Restructuring fees	104,558	417,101	-	521,659	-
Adjusted EBITDA	(123,993)	(910,457)	(1,729,357)	(1,034,460)	(2,597,905)

For the three months ended May 31, 2020, adjusted EBITDA increased by $786,464 compared to the prior quarter, primarily due to the ramp up of revenue from the sale of cannabis products combined with a concerted effort to streamline operations and reduce costs.

For the six months ended May 31, 2020, adjusted EBITDA increased by $1,563,445 compared to the same period in 2019 for the same reasons outlined above.

QUARTERLY RESULTS

The following table presents certain unaudited financial information for each of the eight quarters up to and including the quarter ended May 31, 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 $)	**May 31, 2020**	**February 29, 2020**	**November 30, 2019**	**August 31, 2019**
Revenue	1,719,634	803,655	631,978	172,877
Net loss and comprehensive loss	(278,301)	(1,299,897)	(10,512,463)	(940,424)
Basic and diluted loss per share	(0.00)	(0.01)	(0.11)	(0.01)
Weighted average number of shares outstanding	100,532,160	100,505,455	99,027,936	98,808,156

	Three months ended			
(in $)	**May 31, 2019**	**February 28, 2019**	**November 30, 2018**	**August 31, 2018**
Revenue	445,545	316,889	771,938	-
Net loss and comprehensive loss	(1,841,897)	(2,859,043)	(1,328,746)	(1,398,337)
Basic and diluted loss per share	(0.02)	(0.05)	(0.03)	(0.03)
Weighted average number of common shares outstanding	96,773,373	58,653,900	49,271,547	48,701,778

FINANCIAL POSITION

The following table provides a summary of our financial position for the last three quarters:

(in $)	May 31, 2020	November 30, 2019
Total assets	15,988,853	17,126,780
Total liabilities	1,342,435	1,058,380
Share capital	37,172,075	37,160,387
Reserves	3,618,977	3,474,449
Deficit	(26,088,336)	(24,566,436)

Total Assets

Total assets decreased by $1,137,927 as at May 31, 2020, from $17,126,780 as at November 30, 2019, primarily due to a decrease in cash of $1,949,227; partially offset by an increase in inventory of $855,471 mostly due to the purchase of inventory from grow partners and contract growers.

Total Liabilities

Total liabilities increased by $284,055 as at May 31, 2020, from $1,058,380 as at November 30, 2019, primarily due to fluctuations in trade accounts payable associated with increased bought cannabis from grow partners and contract growers.

OUTSTANDING SHARES, OPTIONS AND RESTRICTED 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 $)	July 28, 2020	May 31, 2020	November 30, 2019
Common shares issued and outstanding	100,762,323	100,581,073	100,474,823
Stock options	3,997,980	3,997,980	4,340,180
Restricted share units	618,750	800,000	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. was 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 advanced 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 was settled on December 4, 2019 for $125,000 paid to Mr. Serenas. This payment was made December 18, 2019. The settlement amount was covered by the Company's insurers and was recorded as other income and accounts receivable as at November 30, 2019.

SUBSEQUENT EVENTS

On June 17, 2020, the Company issued 31,250 common shares pursuant to 31,250 vested RSU's. On July 22, 2020, the Company issued 150,000 common shares pursuant to 150,000 vested RSU's.

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 May 31, 2020, the Company had $3,019,124 of cash, $654,349 of receivables and $1,210,892 of accounts payable and accrued liabilities. As at November 30, 2019, the Company had $4,968,351 of cash, $973,068 of receivables and $926,837 of accounts payable and accrued liabilities.

(In $)	May 31, 2020	November 30, 2019
Operating activities	(1,586,066)	(7,594,289)
Investing activities	(363,161)	10,704,690
Financing activities	-	250,000

Operating Activities

Net cash used in operating activities for the six months ended May 31, 2020, was $1,586,086 as a result of net loss and comprehensive loss for the period of $1,521,900 and an increase in the unrealized gain on change of fair value of biological assets (non-cash income), partially offset by cash provided from working capital items of $428,635 due to increased operational activity.

During the comparative six months ended May 31, 2019, net cash used in operating activities was $4,530,217 as a result of net loss and comprehensive loss for the period of $4,700,940 partially offset by share-based compensation expense of $381,816 (non-cash expense).

Investing Activities

During the six months ended May 31, 2020, net cash used in investing activities was $363,161 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 six months ended May 31, 2019, net cash provided by investing activities was $12,994,401, 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 $720,464.

Financing Activities

Net cash received from financing activities for the six months ended May 31, 2020, and May 31, 2019, was $nil.

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 May 31, 2020, total current assets less current liabilities totalled $4,514,889.

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 May 31, 2020, the Company had cash of $2,000,000 held in a redeemable short-term investment certificate. At May 31, 2020, a 1% decrease in interest rates would result in a reduction in interest income by $20,000 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 and GST receivable. In addition, the Company had 5% in trade accounts receivable outstanding over 60 days at May 31, 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 May 31, 2020, the Company has subsequently collected 93% of the total balance. Of the Company's trade receivables outstanding at May 31, 2020, 85% 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 May 31, 2020, this amounted to $3,673,473.

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 93% of total revenue in the three-month period ended May 31, 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 May 31, 2020, the Company has $3,019,124 of cash. The Company is obligated to pay accounts payable and accrued liabilities of $1,210,892. As at May 31, 2020, total current assets less current liabilities totalled $4,514,889.

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 May 31, 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.

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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:

	Six months ended	
(In $)	**May 31, 2020**	**May 31, 2019**
Management compensation (1)	606,123	588,440
Directors' fees	57,500	102,500
Share-based payments (2)	16,068	197,402
Total	679,691	888,342

(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 six months period ended May 31, 2020 as follows:

	Six months ended	
(In $)	**May 31, 2020**	**May 31, 2019**
Consulting fees paid or payable to companies in which the officers of the Company have control over	-	129,459
Operational fees paid or payable to companies owned by a director of the Company	86,219	108,377
Total	86,219	237,836

Related party balances

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

	Six months ended	
(In $)	**May 31, 2020**	**May 31, 2019**
(i) Former director [1]	39,379	39,499
(ii) Current directors [2]	62,558	23,750

[1] The amounts are unsecured, non-interest bearing, have no specific repayment terms and are due on demand.
[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
Sean MacNeil (Board Chairman)
Michael Black
Byron Dudley
Bill Dickie
Dan Echino
Jarrett Malnarick

Audit Committee members
Byron Dudley (Chair), Sean MacNeil and Bill Dickie

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 "Byron Dudley"   Director "Jarrett Malnarick"