



**CITIZEN STASH CANNABIS CORP.**

**CONDENSED CONSOLIDATED INTERIM**

**FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED**

**MAY 31, 2021 AND 2020**

**(IN CANADIAN DOLLARS)**

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## **NOTICE TO READER**

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

CITIZEN STASH CANNABIS CORP.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Unaudited - Presented in Canadian Dollars)

	Note	May 31, 2021	November 30, 2020
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 1,653,428	\$ 276,685
Accounts receivable	4, 12	1,844,284	2,779,130
Inventory	5	3,217,198	2,083,363
Biological assets	5	250,360	296,508
Assets held for sale	16	-	71,682
Prepaid expenses and deposits		304,059	168,081
		<u>7,269,329</u>	<u>5,675,449</u>
<b>Non-current</b>			
Property, plant and equipment	7	5,684,765	5,938,236
Intangible assets	9	39,311	55,111
Investment	6	307,683	307,362
Derivatives	6	166,922	128,153
		<u>\$ 13,468,010</u>	<u>\$ 12,104,311</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	12, 15	1,540,378	\$ 1,414,018
Deferred revenue		-	367,069
		<u>1,540,378</u>	<u>1,781,087</u>
<b>Non-current</b>			
Long Term Debt	8	2,296,908	-
		<u>3,837,286</u>	<u>1,781,087</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	37,189,169	37,189,169
Reserves	11	4,251,906	3,642,510
Accumulated other comprehensive loss		(118,193)	(118,514)
Deficit		(31,692,158)	(30,389,941)
		<u>9,630,724</u>	<u>10,323,224</u>
		<u>\$ 13,468,010</u>	<u>\$ 12,104,311</u>

Nature of operations and going concern (Note 1)  
Subsequent events (Note 18)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on July 27, 2021.

**On behalf of the Board of Directors:**

Director "Byron Dudley"

Director "Jarrett Malnarick"

See accompanying notes to the condensed consolidated interim financial statements

CITIZEN STASH CANNABIS CORP.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS  
(Unaudited - Presented in Canadian Dollars)

	Note	Three months ended May 31,		Six months ended May 31,	
		2021	2020	2021	2020
Revenue					
Revenue from sale of goods	13	\$ 3,296,117	\$ 1,719,634	\$ 7,356,380	\$ 2,523,289
Excise taxes		(542,050)	(277,141)	(1,182,997)	(401,816)
Net revenue		2,754,067	1,442,493	6,173,383	2,121,473
Cost of sales	7	(2,167,270)	(1,144,443)	(4,675,584)	(1,799,212)
Gross profit (loss) before fair value adjustments		586,797	298,050	1,497,799	322,261
Change in fair value of inventory sold		(129,315)	(142,416)	(368,273)	(155,108)
Unrealized gain (loss) on change of fair value of biological assets	5	38,276	511,107	240,473	527,635
Gross profit		495,758	666,741	1,369,999	694,788
Expenses					
Salaries and wages	12	438,639	375,852	729,291	763,936
General and administration	12	171,740	185,529	372,713	404,654
Professional fees		130,046	198,743	218,850	374,121
Sales and marketing		348,681	30,620	735,989	130,239
Depreciation and amortization	7,9	31,475	32,516	62,949	70,483
Share-based compensation	11(a), 12	475,386	65,051	494,396	131,092
		1,595,967	888,311	2,614,188	1,874,525
Loss from operations		(1,100,209)	(221,570)	(1,244,189)	(1,179,737)
Other (expense) income					
Interest income		-	7,333	8,915	27,678
Interest on long term debt	8	(44,519)	-	(55,838)	-
Accretion		(33,126)	-	(40,811)	-
Other expense, net		(8,205)	12,500	(9,063)	79,095
Unrealized gain on derivatives	6	(26,308)	27,994	38,769	72,723
Restructuring fees		-	(104,558)	-	(521,659)
		(112,158)	(56,731)	(58,028)	(342,163)
Net Loss		(1,212,367)	(278,301)	(1,302,217)	(1,521,900)
Other comprehensive loss					
Unrealized loss on investment	6	-	-	321	(56,298)
Net loss and comprehensive loss for the period		\$ (1,212,367)	\$ (278,301)	\$ (1,301,896)	\$ (1,578,198)
Basic and diluted loss per share		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding		100,765,070	100,532,160	100,765,070	100,518,880

See accompanying notes to the condensed consolidated interim financial statements

CITIZEN STASH CANNABIS CORP.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(Unaudited - Presented in Canadian Dollars)

	Share capital		Reserves			Accumulated other comprehensive loss			Total Shareholders' equity
	Common shares	Amount	Warrants and agent options	Share-based compensation <sup>(1)</sup>	Total Reserves	Fair Value	Total AOCI	Deficit	
<b>Balance as at November 30, 2019</b>	100,474,823	\$ 37,160,387	\$ 322,075	\$ 3,152,374	\$ 3,474,449	\$ -	\$ -	\$ (24,566,436)	\$ 16,068,400
Share-based compensation <sup>(1)</sup>	287,500	28,782	-	168,061	168,061	-	-	-	196,843
Unrealized loss on investment <sup>(2)</sup>	-	-	-	-	-	(118,514)	(118,514)	-	(118,514)
Net loss and comprehensive loss	-	-	-	-	-	-	-	(5,823,505)	(5,823,505)
<b>Balance as at November 30, 2020</b>	100,762,323	37,189,169	322,075	3,320,435	3,642,510	(118,514)	(118,514)	(30,389,941)	10,323,224
Share-based compensation <sup>(1)</sup>	125,000	-	-	494,396	494,396	-	-	-	494,396
Unrealized gain on investment <sup>(2)</sup>	-	-	-	-	-	321	321	-	321
Warrants issued with long term debt	-	-	115,000	-	115,000	-	-	-	115,000
Net loss	-	-	-	-	-	-	-	(1,302,217)	(1,302,217)
<b>Balance as at May 31, 2021</b>	100,887,323	\$ 37,189,169	\$ 437,075	\$ 3,814,831	\$ 4,251,906	\$ (118,193)	\$ (118,193)	\$ (31,692,158)	\$ 9,630,724

<sup>(1)</sup> Share-based compensation includes employee and director options and RSU's (Note 11a and 11b).

<sup>(2)</sup> Unrealized gain on investment (Note 6).

See accompanying notes to the condensed consolidated interim financial statements

CITIZEN STASH CANNABIS CORP.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
(Unaudited - Presented in Canadian Dollars)

	Note	Six months ended	
		May 31, 2021	May 31, 2020
<b>Net cash (used in) provided by:</b>			
<b>Operating activities</b>			
Net loss and comprehensive loss for the period		\$ (1,301,896)	\$ (1,521,900)
Items not involving cash:			
Depreciation and amortization	7,9	62,949	70,483
Accretion	8	40,811	-
Share-based compensation	11	494,396	131,092
Share-based compensation included in cost of sales	11	-	25,124
Fair value adjustment of inventory sold		368,273	(155,108)
Unrealized (gain) loss on change of fair value of biological assets	5	(240,472)	(527,635)
Unrealized gain on derivatives	6	(39,090)	(72,723)
Changes in working capital items:			
Accounts receivable		934,846	318,719
Inventory		(444,683)	(526,676)
Biological assets		(564,482)	455,999
Prepaid expenses and deposits		(135,978)	(67,496)
Accounts payable and accrued liabilities		126,360	284,055
Deferred revenue		(367,069)	-
Net cash used in operating activities		<u>(1,066,036)</u>	<u>(1,586,066)</u>
<b>Investing activities</b>			
Proceeds from the sale of assets held for sale	16	71,682	-
Purchase of property, plant and equipment	7	-	(363,161)
Net cash (used in) provided by investing activities		<u>71,682</u>	<u>(363,161)</u>
<b>Financing activity</b>			
Proceeds from long term debt	8	2,500,000	-
Long term debt financing costs	8	(128,903)	-
Net cash provided by financing activities		<u>2,371,097</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		1,376,743	(1,949,227)
<b>Cash and cash equivalents - beginning of the period</b>		276,685	4,968,351
<b>Cash and cash equivalents - ending of the period</b>		<u>\$ 1,653,428</u>	<u>\$ 3,019,124</u>
<b>Components of cash</b>			
Cash		\$ 1,553,428	\$ 3,019,124
GIC		100,000	-
		<u>\$ 1,653,428</u>	<u>\$ 3,019,124</u>

See accompanying notes to the condensed consolidated interim financial statements

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Citizen Stash Cannabis Corp. (the “Company” or “Citizen Stash”) is a publicly traded corporation, incorporated in Canada, with its head office located at 12556 Stave Lake Road, Mission, British Columbia, V2V 0A6. The Company’s shares are listed on the TSX Venture Exchange as a Tier 1 issuer (the “TSX-V”) under the trading symbol “CSC”; the OTCQB under the symbol “EXPFF” and on the Frankfurt Stock Exchange under the symbol “MB31”. Previously, the Company was named Experion Holdings Ltd. The name change to Citizen Stash Cannabis Corp. was effective June 15, 2021.

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

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

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to achieve profitable operations in the future. These factors create a material uncertainty that may cast significant doubt about the Company being able to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company’s supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company’s operations and the operations of the Company’s suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company’s suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future; therefore, the Company cannot reasonably estimate the impact at this time on our business, liquidity, capital resources and financial results.

## 2. BASIS OF PREPARATION

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



### 3. ADOPTION OF NEW STANDARDS

IFRS 16, Leases, specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. IFRS 16 became effective for years beginning after January 1, 2019. There was no impact on the Company's condensed consolidated interim financial statements on adoption of this standard.

### 4. ACCOUNTS RECEIVABLE

The breakdown of the accounts receivable balance was as follows:

	<b>May 31,</b>		<b>November 30,</b>
	<b>2021</b>		<b>2020</b>
Trade receivable, net <sup>(1)</sup>	\$ 1,807,650	\$	2,754,569
GST receivable	36,634		24,561
	<u>\$ 1,844,284</u>	<u>\$</u>	<u>2,779,130</u>

(1) As of May 31, 2021, the Company has recorded credit recovery from customers of \$17,818 (2020 - \$95,757 loss).

CITIZEN STASH CANNABIS CORP.  
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2021 AND 2020  
 (Unaudited - Presented in Canadian Dollars)

**5. BIOLOGICAL ASSETS AND INVENTORY**

The Company's biological assets consist of 1,981 cannabis plants as at May 31, 2021 (2020 – 1,888). The continuity of biological assets is as follows:

	<b>May 31, 2021</b>	<b>November 30, 2020</b>
Opening balance	\$ 296,508	\$ 233,065
Add:		
Pre harvest production cost capitalized	564,481	1,047,139
Unrealized gain on change in fair value of biological asset	240,473	752,420
Less:		
Harvested amounts transferred out to inventory	(851,103)	(1,736,116)
	<u>\$ 250,360</u>	<u>\$ 296,508</u>

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

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

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

Significant inputs and assumptions	<b>Input Range used to determine value of biological assets</b>		Sensitivity <sup>(2)</sup>	<b>Sensitivity analysis of biological assets value</b>	
	May 31, 2021	November 30, 2020		May 31, 2021	November 30, 2020
Selling price per gram	\$4.75 - \$11.72 <sup>(1)</sup>	\$4.30 - \$11.72 (1)	Change by \$1.00 per gram	\$ 60,952	\$ 68,456
Average yield per plant	89 grams to 103 grams	89 grams to 119 grams	Change by 5 grams per plant	\$ 13,527	\$ 15,360
Stage of completion	11% - 92%	16% - 92%	Change by 10% complete	\$ 53,854	\$ 59,658
Cost to complete and sell per gram	\$4.11	\$4.11	Change by \$1.00 per gram	\$ 60,952	\$ 68,456

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

- (1) The selling price is based on the range of actual sales prices per gram for the period.
- (2) Sensitivity relates to approximate change in the value of biological assets if key underlying assumptions change incrementally.

## 5. BIOLOGICAL ASSETS AND INVENTORY (continued)

Biological assets are valued at the 6-month average selling price per gram (fair value) less cost to complete and sell based on the assumptions above. As of May 31, 2021, the fair value less cost to complete and cost to sell was \$4.11 per gram (2020 – \$5.27 per gram); and the biological assets were on average 49% complete (2020 – 42% complete). Total effective grams as at May 31, 2021 was 60,952 (2020 – 68,456). During the six months ended May 31, 2021, the Company's biological assets produced 207,207 grams of dried cannabis (2020 – 217,032 grams).

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

As at May 31, 2021, included in the carrying amount of inventory is 613,843 grams of dry cannabis (2020 – 558,997 grams) valued at \$2,604,149 (2020 - \$1,512,009) that has been quality assured and is awaiting release for sale. Also included in the carrying amount of inventory are concentrates work in progress of \$343,804 (2020 – \$343,804).

During the six-months ended May 31, 2021, the Company wrote-off inventory deemed to be impaired of \$175,162 (2020 – NIL).

Inventory is comprised of the following items:

	<b>May 31, 2021</b>	<b>November 30, 2020</b>
Harvested cannabis	\$ 824,143	\$ 515,033
Purchased cannabis	1,780,006	996,976
Concentrates	343,804	343,804
Supplies and consumables	269,245	227,550
	<u>\$ 3,217,198</u>	<u>\$ 2,083,363</u>

## 6. INVESTMENT AND DERIVATIVES

The Company has invested in a private company that is not quoted in an active market. Transactions in such investments do not occur on a regular basis and are classified as measured using Level 3 fair value hierarchy assumptions. The Company values investment and derivatives in unlisted equity instruments at cost for a limited period after the date of acquisition and will assess the fair value at each reporting date using the Black-Scholes option pricing model and or other quantitative and qualitative methods, as applicable.

The investment represents 153,846 common shares in True North Cannabis Corp. ("True North") which have been elected to be accounted for using FVOCI. The derivatives represent 153,846 warrants in True North and are accounted for using FVTPL and included in other income.

CITIZEN STASH CANNABIS CORP.  
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2021 AND 2020  
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**6. INVESTMENT AND DERIVATIVES (continued)**

As a result, the fair value of both the investment and derivatives are shown in the following table:

	Common Shares	Warrants	Total
As at November 30, 2019	\$ 425,876	\$ 74,124	\$ 500,000
Unrealized gain on investment	(118,514)	-	(118,514)
Unrealized gain on derivatives	-	54,029	54,029
As at November 30, 2020	307,362	128,153	435,515
Unrealized gain on investment	321	-	321
Unrealized gain on derivatives	-	38,769	38,769
As at May 31, 2021	\$ 307,683	\$ 166,922	\$ 474,605

The inputs used to determine the fair value of warrants at May 31, 2021 and 2020 include the following:

Assumptions	May 31, 2021	November 30, 2020
Common Share Price	\$ 2.00	\$ 2.00
Volatility	119%	90.1%
Exercise price	\$ 4.50	\$ 4.50
Remaining life	2.8-years	3.3-years
Risk Free Rate	0.31%	0.37%
Dividend	0.00%	0.00%

On May 31, 2021 and November 30, 2020, the common shares were measured using internal comparable transactions which included a pending subscription offering and external observable market data, and the warrants were measured using market data and inputs for the Black Scholes option pricing model, which were determined to be a level 3 fair value hierarchy input.

CITIZEN STASH CANNABIS CORP.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**7. PROPERTY, PLANT AND EQUIPMENT**

	Land	Building	Production equipment	Computer hardware	Computer software	Office equipment	Total
<b>Cost</b>							
As at November 30, 2019	\$ 1,018,900	\$ 4,076,338	\$ 2,302,851	\$ 268,761	\$ 12,082	\$ 40,907	\$ 7,719,839
Additions during the year	-	190,963	123,744	168,790	-	5,985	489,482
Disposals during the year	-	-	(621,000)	(2,596)	-	-	(623,596)
Impairment during the year	-	-	(672,468)	-	-	-	(672,468)
Assets reclassified as held for sale <sup>(1)</sup>	-	-	(71,682)	-	-	-	(71,682)
As at November 30, 2020	1,018,900	4,267,301	1,061,445	434,955	12,082	46,892	6,841,575
Additions during the period	-	-	-	-	-	-	-
Disposals during the period	-	-	-	-	(12,082)	-	(12,082)
As at May 31, 2021	\$ 1,018,900	\$ 4,267,301	\$ 1,061,445	\$ 434,955	\$ -	\$ 46,892	\$ 6,829,493
<b>Accumulated depreciation</b>							
As at November 30, 2019	\$ -	\$ 205,020	\$ 141,587	\$ 62,238	\$ 8,054	\$ 12,955	\$ 429,854
Depreciation for the year <sup>(2)</sup>	-	151,042	199,636	111,626	4,028	8,399	\$ 474,731
Disposals during the year	-	-	-	(1,246)	-	-	(1,246)
As at November 30, 2020	-	356,062	341,223	172,618	12,082	21,354	903,339
Depreciation for the period <sup>(2)</sup>	-	88,803	95,921	64,058	-	4,689	253,471
Disposals during the period	-	-	-	-	(12,082)	-	(12,082)
As at May 31, 2021	\$ -	\$ 444,865	\$ 437,144	\$ 236,676	\$ -	\$ 26,043	\$ 1,144,728
<b>Net book value</b>							
As at November 30, 2020	\$ 1,018,900	\$ 3,911,239	\$ 720,222	\$ 262,337	\$ -	\$ 25,538	\$ 5,938,236
As at May 31, 2021	\$ 1,018,900	\$ 3,822,436	\$ 624,301	\$ 198,279	\$ -	\$ 20,849	\$ 5,684,765

<sup>(1)</sup> Assets held for sale were not amortized.

<sup>(2)</sup> Of the depreciation for the six months ended, \$206,249 was included in inventory and cost of sales (2020 - \$ 137,721).

## 8. LONG TERM DEBT

On February 5, 2021 ("Closing Date"), the Company completed a loan agreement of up to \$2.5 million with a Canadian based mortgage lender. The first tranche of the Loan was advanced on the Closing Date with cash received, net of fees and other expenses of \$1,482,482. The Company had an option to draw a second advance of \$935,000 anytime within 9-months of the Closing Date, up to the total maximum of \$2,500,000. On May 13, 2021 the Company chose to exercise this option to draw the final \$935,000 tranche of the credit facility. As of May 31, 2021 unamortized transaction costs netted against the long-term debt total was \$203,092.

The loan bears interest of 11% for the first 18 months and 14% for the 19th month and beyond, payable monthly. The principal is due in 19-months from the Closing Date, subject to a one-time optional 6-month extension. The loan is secured against the Company's Mission operating facility.

The Company issued 1,000,000 warrants to the lender. Each warrant has an exercise price of \$0.18 and a term of 24 months from the Closing Date. The warrants have a fair value of \$115,000 and was recognized as a transaction cost and in warrants reserves. Fair value of the warrants was determined using the Black-Scholes model with the following inputs:

Assumptions		
Common Share Price	\$	0.18
Volatility		128.9%
Exercise price	\$	0.18
Remaining life		2-years
Risk Free Rate		0.17%
Dividend		0.00%

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 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**9. INTANGIBLE ASSETS AND GOODWILL**

	Websites	Formulations	Clinical and regulatory know-how	Standard operating procedures	Total intangible assets	Goodwill
<b>Cost</b>						
As at November 30, 2019	\$ 94,611	\$ 1,000,000	\$ 70,000	\$ 100,000	\$ 1,264,611	\$ 1,091,043
Impairment	-	(1,000,000)	(70,000)	(100,000)	(1,170,000)	(1,091,043)
As at November 30, 2020	\$ 94,611	\$ -	\$ -	\$ -	\$ 94,611	\$ -
As at May 31, 2021	\$ 94,611	\$ -	\$ -	\$ -	\$ 94,611	\$ -
<b>Accumulated amortization</b>						
As at November 30, 2019	\$ 7,900	\$ -	\$ 1,750	\$ 8,333	\$ 17,983	\$ -
Depreciation of finite life intangible assets	31,600	-	5,250	24,999	61,849	-
Impairment	-	-	(7,000)	(33,332)	(40,332)	-
As at November 30, 2019	39,500	-	-	-	39,500	-
Depreciation of finite life intangible assets	15,800	-	-	-	15,800	-
As at May 31, 2021	\$ 55,300	\$ -	\$ -	\$ -	\$ 55,300	\$ -
<b>Net book value</b>						
As at November 30, 2020	\$ 63,011	\$ -	\$ -	\$ -	\$ 55,111	\$ -
As at May 31, 2021	\$ 39,311	\$ -	\$ -	\$ -	\$ 39,311	\$ -

**10. SHARE CAPITAL**

**(a) Authorized**

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

**(b) Issued**

During the year ended November 30, 2020, the Company issued 287,500 common voting shares upon the conversion of vested restricted share units (note 11b).

On May 27, 2021 the Company issued 125,000 common voting shares upon conversion of vested restricted shares units (note 11b)

As at May 31, 2021, the total number of preferred shares outstanding was NIL (2020 - NIL).

## 11. SHARE-BASED COMPENSATION

The Company has a Stock Option Plan that is administered by the Board of Directors of the Company who establish the number of options granted, exercise prices, at not less than market price at the date of grant, expiry dates, and vesting conditions. The Company also has a Restricted Share Unit Plan that is administered by the Board of Directors of the Company who establish the number of restricted share units granted, expiry dates and vesting conditions. Restricted Share Units have no exercise price. The maximum number of common shares reserved for issuance for options and Restricted Share Units that may be granted under the plan is 10% of the common shares outstanding.

### (a) Stock options

During the year ended November 30, 2020, the Company granted a total of 1,385,000 stock options with a fair value of \$67,083 as replacement options to employees and consultants at an exercise price of \$0.15 per share.

On March 3, 2020, the Company granted 685,000 options with a fair value of \$41,237 vesting immediately that expire on March 3, 2023.

On August 5, 2020, the Company granted 100,000 options with a fair value of \$6,800 that expire on August 5, 2023. Of the total options granted, 25,000 options vested immediately and 75,000 options vest evenly every 3 months thereafter.

On October 23, 2020, the Company granted 700,000 options with a fair value of \$40,600 that expire on October 23, 2023. Of the total options granted, 175,000 vested immediately and 525,000 vest evenly every 3 months thereafter.

On December 11, 2020, the Company granted 100,000 options with a fair value of \$6,100 that expire on December 11, 2022. The options vest evenly every 3 months.

On January 14, 2021, the Company granted 100,000 options with a fair value of \$6,100 that expire on January 14, 2024. The options vest within one year.

On April 30, 2021, the Company granted 100,000 options with a fair value of \$25,400 that expire on April 30, 2024. Of the total options granted, 75,000 options vested immediately and 25,000 options vest on June 1, 2021

On May 3, 2021, the Company granted 242,424 options with a fair value of \$38,061 that expire on April 30, 2022. These 242,424 options vested immediately.



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**11. SHARE-BASED COMPENSATION (continued)**

**(a) Stock options (continued)**

A summary of stock options outstanding is as follows:

Expiry date	Exercise price (\$)	November 30, 2019	Granted	Expired / forfeited	November 30, 2020	Granted	Expired / forfeited	May 31, 2021
May 31, 2021	0.64	389,105	-	-	389,105	-	(389,105)	-
May 31, 2021	0.81	149,625	-	-	149,625	-	(149,625)	-
May 31, 2021	0.91	149,625	-	-	149,625	-	(149,625)	-
June 14, 2021	0.91	90,000	-	(85,000)	5,000	-	(5,000)	-
June 21, 2021	0.81	850,000	-	-	850,000	-	-	850,000
October 11, 2021	0.89	561,797	-	(561,797)	-	-	-	-
October 23, 2021	0.91	50,000	-	(50,000)	-	-	-	-
February 13, 2022	0.78	400,000	-	(250,000)	150,000	-	-	150,000
March 18, 2022	0.65	250,000	-	(250,000)	-	-	-	-
March 26, 2022	0.65	250,000	-	(250,000)	-	-	-	-
April 30, 2022	0.33	-	-	-	-	242,424	-	242,424
October 6, 2022	0.60	649,625	-	-	649,625	-	-	649,625
December 11, 2022	0.15	-	700,000	(350,000)	350,000	150,000	-	500,000
March 3, 2023	0.15	-	685,000	(325,000)	360,000	-	-	360,000
August 5, 2023	0.15	-	100,000	-	100,000	-	-	100,000
August 20, 2023	0.90	233,462	-	(233,462)	-	-	-	-
October 15, 2023	0.90	19,455	-	(19,455)	-	-	-	-
October 23, 2023	0.15	-	700,000	-	700,000	-	-	700,000
November 1, 2023	0.90	5,836	-	(5,836)	-	-	-	-
January 14, 2024	0.155	-	-	-	-	100,000	-	100,000
April 30, 2024	0.325	-	-	-	-	100,000	-	100,000
April 19, 2026	0.240	-	-	-	-	500,000	-	500,000
Options outstanding		4,048,530	2,185,000	(2,380,550)	3,852,980	1,092,424	(693,355)	4,252,049
Options exercisable		3,840,775	1,335,000	-	3,277,980	392,424	-	3,377,049

During the six months ended May 31, 2021, the Company recorded aggregate share-based compensation expense of \$92,521 (2020 - \$112,433) for all stock options granted and vested during the year.

Stock options granted during the respective years below were fair valued based on the following assumptions:

	<u>2021</u>	<u>2020</u>
Risk-free interest rate	0.25% - 0.29%	0.21% - 1.67%
Expected stock price volatility	141.6% - 148.8%	109.4 - 115.8%
Expected option life in years	2 - 3 years	3 years
Expected dividend in yield	Nil	Nil
Forfeiture rate	Nil	Nil
Share price at grant	\$0.095 - \$0.385	\$0.058 - \$0.53
Exercise price	\$0.15 - \$0.33	\$0.15 - \$0.65

The weighted average exercise price of the outstanding stock options as of May 31, 2021 was \$0.40 (2020 - \$ 0.0645).

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**11. SHARE-BASED COMPENSATION (continued)**

**(b) Restricted share units (“RSUs”)**

A summary of RSUs outstanding is as follows:

Expiry date	Fair value at date of grant (\$)	November 30, 2019	Granted	Vested and Converted into shares	November 30, 2020	Granted	Vested and Converted into shares	May 31, 2021
December 31, 2019	0.94	25,000	-	(25,000)	-	-	-	-
February 11, 2020	0.51	31,250	-	(31,250)	-	-	-	-
May 31, 2020	0.40 & 0.51	50,000	-	(50,000)	-	-	-	-
June 17, 2020	0.40	31,250	-	(31,250)	-	-	-	-
July 22, 2020	0.18, 0.40 & 0.51	150,000	-	(150,000)	-	-	-	-
May 27, 2021	0.09, 0.115 & 0.18	31,250	93,750	-	125,000	-	(125,000)	-
May 31, 2022	0.28	-	-	-	-	500,000	-	500,000
August 31, 2022	0.28	-	-	-	-	250,000	-	250,000
November 30, 2022	0.28	-	-	-	-	250,000	-	250,000
1 year from resignation	0.09, 0.10, 0.115, 0.18, 0.22, 0.40 & 0.51	156,250	493,750	-	650,000	468,750	-	1,118,750
RSUs outstanding		475,000	587,500	(287,500)	775,000	1,468,750	-	2,118,750
RSUs vested		-	-	-	-	-	-	-

During the six months ended May 31, 2021, the Company recorded share-based compensation of \$401,875 (2020 - \$43,782) for all RSUs granted period. This expense is included in share-based compensation on the condensed consolidated interim statement of net loss and comprehensive loss.

## 12. RELATED PARTIES

Related party transactions are measured at the exchange amount agreed to by the parties.

### Key management personnel

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

The remuneration paid or accrued for the Company's key management personnel and directors for the six-month ended May 31, 2021 and 2020 is as follows:

	Six months ended	
	May 31, 2021	May 31, 2020
Management compensation <sup>(1)</sup>	\$ 259,209	\$ 606,123
Directors' fees <sup>(2)</sup>	60,000	57,500
Share-based compensation <sup>(3)</sup>	424,920	16,068
	\$ 744,129	\$ 679,691

<sup>(1)</sup> Management compensation is included in salaries and wages in net loss and comprehensive loss.

<sup>(2)</sup> Directors' fees are included in general and administration in net loss and comprehensive loss.

<sup>(3)</sup> Share-based compensation 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. Share-based payments compensation is included in share-based compensation in net loss and comprehensive loss.

### Related party services

The Company entered into certain transactions with related parties during the years ended May 31, 2021 and 2020 as follows:

	Six Months ended	
	May 31, 2021	May 31, 2020
Operational fees paid or payable to companies owned by a director of the Company <sup>(1)</sup>	-	86,219
	\$	\$ 86,219

<sup>(1)</sup> Operational and consulting fees are included in General and administration in net loss and comprehensive loss.

### Related party balances

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

	Six Months ended	
	May 31, 2021	May 31, 2020
(i) Former director	\$ -	\$ 39,379
(ii) Current directors <sup>(1)</sup>	\$ 28,750	\$ 62,558

<sup>(1)</sup> Amounts reflect board fees accrued.

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**13. REVENUE**

The following table summarizes cannabis revenue by product for the six months ended May 31, 2021 and 2020:

	<b>May 31, 2021</b>	<b>May 31, 2020</b>
Dried cannabis	\$ 5,727,510	\$ 2,401,215
Pre-roll cannabis	1,452,328	73,511
Edibles	142,138	-
Cannabis plants	30,535	33,710
Other cannabis products	1,786	-
Miscellaneous products	2,083	14,853
	<b>\$ 7,356,380</b>	<b>\$ 2,523,289</b>

During the six months ended May 31, 2021, five of the Company's customers represented approximately 98% (2020 – 5 customers represented 93%) of the Company's gross revenue.

**14. SEGMENTED INFORMATION**

As at May 31, 2021 and 2020, the Company operates in one segment: the production and sale of cannabis products. All property, plant and equipment are located in Canada.

**15. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK**

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

	<b>Classification</b>	<b>Fair Value Hierarchy</b>
<b>Financial assets</b>		
Cash and cash equivalents	Amortized cost	N/A
Trade receivables	Amortized cost	N/A
Investment in True North - common shares	FVOCI	Level 3
Investment in True North - warrants	FVTPL	Level 3
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	Amortized cost	N/A

## 15. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK (continued)

### (a) Fair value of financial instruments

The carrying amounts of the financial instruments carried at amortized cost at May 31, 2020, approximate their fair value due to the relatively short maturity of those instruments.

The fair value of the investment in True North was measured using a Level 3 fair value hierarchy inputs in Note 6.

### (b) Financial instruments risk

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

#### (i) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company has a low exposure to credit risk from cash and cash equivalents, and trade receivables.

The risk exposure is limited to their carrying amounts at the statement of financial position date. The risk for cash and cash equivalents, and trade receivables is mitigated by holding these instruments with highly rated Canadian financial institutions and most trade receivables are with provincial authorities with low collection risk. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

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

As at May 31, 2021, 96% (November 30, 2020 – 62%) of the trade receivables are from four provincial customers and of those, 96% are outstanding for less than 30 days. The Company has assessed its expected credit loss in accordance with IFRS 9 and determined it to be nominal due to the nature and term of the receivables.

#### (ii) Liquidity Risk

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

**15. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK (continued)**

(b) Financial instruments risk (continued)

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

	<b>May 31, 2021</b>	<b>November 30, 2020</b>
Trade payables	\$ 1,077,651	\$ 1,073,473
Accrued liabilities	425,331	340,545
Taxes payable <sup>(1)</sup>	37,396	-
	<b>\$ 1,540,378</b>	<b>\$ 1,414,018</b>

<sup>(1)</sup> Taxes payable are comprised of statutory remittances for excise duty and sales taxes payable.

The Company's trade payables and accrued liabilities as at May 31, 2021, are expected to be paid within one year.

(iii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook; future values and the impact of market conditions. The Company's investment held in a privately-held entity is based on various valuation techniques, as detailed in Note 8, and is dependent on the type and terms of the security.

**16. ASSETS HELD FOR SALE**

As at November 30, 2020 assets held for sale consisted of extraction equipment. The Company entered into a purchase agreement dated November 12, 2020, which was completed subsequent to year-end. The equipment was sold during 2021 for proceeds of \$71,682 resulting in a gain on sale of NIL.

**17. ECONOMIC DEPENDENCE**

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 representing 97% of total revenue in the six-month period ended May 31, 2021.

**18. SUBSEQUENT EVENTS**

The Company's board of directors approved the implementation of the name change following approval from shareholders at the annual general and special meeting of shareholders held on May 26, 2021. Effective June 15, 2021 the Company changed its name from Experion Holdings Ltd. to Citizen Stash Cannabis Corp. The common shares of the Company from this date forward will be traded under the symbol, "CSC" on the TSX Venture Exchange.