

Halo Collective Inc.
Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022, and 2021
Expressed in US dollars
Unaudited

Halo Collective Inc.

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Halo Collective Inc.
Condensed Interim Consolidated Statements of Financial Position

Expressed in US dollars

March 31, 2022 December 31, 2021

Assets			
Current			
Cash		1,889,494	1,711,677
Restricted cash	Note 11	84,573	126,947
Accounts receivable	Note 6	5,243,014	6,073,229
Inventory	Note 7	18,039,506	16,820,432
Notes receivable	Note 8	2,767,665	7,775,433
Deposits and pre-paid expenses	Note 9	7,951,790	3,208,452
Total current assets		35,976,042	35,716,170
Long-term			
Property, plant and equipment		17,407,026	17,512,938
Intangible assets and goodwill		36,505,143	29,131,934
Notes receivable	Note 8	2,939,712	3,160,745
Investments and deposits	Note 5	24,909,906	19,275,132
Total long-term assets		81,761,787	69,080,749
Total assets		117,737,829	104,796,919
Liabilities			
Short-term liabilities			
Accounts payable and accrued liabilities		10,097,328	11,634,468
Debenture liability	Note 11	-	9,661,212
Other loans	Note 13	11,169,003	6,875,442
Income tax payable		586,209	585,689
Sales & cultivation tax payable		2,139,644	1,530,447
Total current liabilities		23,992,184	30,287,258
Long-term liabilities			
Debenture liability	Note 11	6,638,016	1,286,625
Lease liability		5,355,730	5,665,582
Other loans	Note 13	1,076,136	1,100,975
Total long-term liabilities		13,069,882	8,053,182
Total Liabilities		37,062,066	38,340,440
Shareholders' equity			
Share capital	Note 12	255,713,377	231,683,918
Share capital reserve	Note 12	14,330,570	12,953,614
Convertible debenture equity reserve	Note 11	2,796,176	862,630
Equity reserve	Note 12	6,302,397	6,302,397
Non-controlling interest	Note 17	(2,590,101)	(2,295,905)
Accumulated other comprehensive income		846,861	214,544
Deficit		(196,723,517)	(183,264,719)
Total shareholders' equity		80,675,763	66,456,479
Total shareholders' equity and liabilities		117,737,829	104,796,919

These notes are an integral part of the Condensed Interim Consolidated Financial Statements

Going concern Note 2

Commitments and contingencies Note 16

Subsequent events Note 18

Approved on behalf of the Board of Directors:

Kiran Sidhu
CEO and Director

Marshall Minor
Interim CFO

Halo Collective Inc.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Expressed in US dollars

For the 3 months ended:

March 31, 2022 March 31, 2021

Revenue		7,562,125	9,939,103
Cost of finished cannabis inventory sold	Note 7	6,148,256	7,738,533
Gross profit, excluding fair value items		1,413,869	2,200,570
Unrealized fair value gain on growth of biological assets		-	(167,111)
Realized fair value loss included in the cost of inventory sold		166,753	411,905
Gross profit		1,247,116	1,955,776
General and administration		1,697,304	1,617,792
Salaries		3,431,806	1,991,485
Professional fees		3,780,067	2,939,023
Sales and marketing		983,764	1,507,386
Investor relations		103,137	457,476
Gain on settlements and contingencies	Note 12, 16	(16,204)	-
Share based compensation	Note 12	645,786	829,236
Accretion expense		294,337	307,754
Other Income		(357,884)	-
Share of loss from investment in associates	Note 5	984,520	-
Depreciation		562,341	611,912
Loss on foreign exchange		1,100,451	392,972
Interest expense	Note 11, 13	1,822,679	368,421
Loss before income taxes		(13,784,988)	(9,067,681)
Deferred income tax		-	-
Income tax		-	-
Net loss		(13,784,988)	(9,067,681)
Other comprehensive (income) loss			
Unrealized (gain) loss on foreign currency translation		(632,317)	(497,560)
Comprehensive loss		(13,152,671)	(8,570,121)
Net comprehensive loss attributable to:			
Halo Collective Inc.		(13,490,792)	(9,067,681)
Non-controlling interests	Note 17	(294,196)	-
Net loss per share, basic and diluted:		\$ (0.28)	\$ (0.56)
Weighted average number of outstanding common shares, basic and diluted:		49,004,882	16,100,994

These notes are an integral part of the Condensed Interim Consolidated Financial Statements

Halo Collective Inc.
Consolidated Statements of Change in Shareholders' Equity
Expressed in US Dollars

		Common shares	Common shares	Options	Warrants	Equity reserve	Convertible conversion option	Accumulated OCI	Deficit	Non-controlling interest	Total
Shareholders' equity, December 31, 2020		14,137,809	\$ 136,827,655	\$ 3,892,039	\$ 4,415,482	\$ 3,338,204	\$ 653,557	\$ 524,779	\$ (90,032,174)	\$ -	\$ 59,619,542
Share issuance in private placements	Note 12	1,679,564	15,366,598	954,319	-	-	-	-	-	-	16,320,917
Shares issued for acquisitions	Note 12	2,846,815	31,444,812	-	-	2,138,444	-	-	-	-	33,583,256
Shares issued to retire debt	Note 12	125,000	1,183,319	-	-	-	-	-	-	-	1,183,319
Shares issued as finders' fees	Note 12	177,976	2,114,393	-	-	-	-	-	-	-	2,114,393
Shares issued on conversion of debenture	Note 12	462	23,684	-	-	-	(3,338)	-	-	-	20,346
Share issue costs	Note 12	-	(1,343,269)	-	-	-	-	-	-	-	(1,343,269)
Share-based compensation for staff	Note 12	-	-	829,267	-	-	-	-	-	-	829,267
Shares issued on exercise of warrants and options	Note 12	10,010	98,439	-	-	-	-	-	-	-	98,439
Net loss and other comprehensive loss		-	-	-	-	-	-	497,560	(9,067,681)	-	(8,570,121)
Shareholders equity, March 31, 2021		18,977,634	\$ 185,715,631	\$ 5,675,625	\$ 4,415,482	\$ 5,476,648	\$ 650,219	\$ 1,022,339	\$ (99,099,855)	\$ -	\$ 103,856,089

		Common shares	Common shares	Options	Warrants	Equity reserve	Convertible conversion option	Accumulated OCI	Deficit	Non-controlling interest	Total
Shareholders' equity, December 31, 2021		33,025,496	\$ 231,683,918	\$ 9,275,666	\$ 3,677,948	\$ 6,302,397	\$ 862,630	\$ 214,544	\$ (183,264,719)	\$ (2,295,905)	\$ 66,456,479
Shares issued for acquisitions	Note 12	8,141,539	7,642,782	-	-	-	-	-	-	-	7,642,782
Shares issued as finders' fees	Note 12	-	-	-	-	-	-	-	-	-	-
Equity reserve for debenture	Note 12	-	-	-	-	-	2,706,453	-	-	-	2,706,453
Shares issued on conversion of debenture	Note 12	17,977,194	8,235,507	-	337,706	-	(772,907)	-	-	-	7,800,306
Share-based compensation for services	Note 12	3,164,300	2,251,916	-	740,983	-	-	-	-	-	2,992,899
Share-based compensation for staff	Note 12	1,374,796	1,290,512	330,261	-	-	-	-	-	-	1,620,773
Shares issued on conversion of promissory notes	Note 12	11,918,799	4,292,441	-	-	-	-	-	-	-	4,292,441
Restricted stock units issued	Note 12	900,000	316,301	-	-	-	-	-	-	-	316,301
Forfeiture warrants and options	Note 12	-	-	(31,994)	-	-	-	-	31,994	-	-
Net loss and other comprehensive loss		-	-	-	-	-	-	632,317	(13,490,792)	(294,196)	(13,152,671)
Shareholders equity, March 31, 2022		76,502,124	\$ 255,713,377	\$ 9,573,933	\$ 4,756,637	\$ 6,302,397	\$ 2,796,176	\$ 846,861	\$ (196,723,517)	\$ (2,590,101)	\$ 80,675,763

These notes are an integral part of the Condensed Interim Consolidated Financial Statements

Halo Collective Inc.
Condensed Interim Consolidated Statements of Cash Flow

Expressed in US dollars

For the 3 months ended:

March 31, 2022 March 31, 2021

Cash provided by (used in)

Operating activities:

Net loss		(13,784,988)	(9,067,681)
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Items not involving cash

Depreciation		939,872	897,509
Accrued interest	Note 11, 13	1,003,125	159,397
Accretion expense	Note 11	294,337	307,754
(Gain) loss in fair value of biological assets		166,753	244,794
Gain in foreign exchange		995,404	541,597
Gain in early termination of lease		(15,219)	-
Gain in modification of convertible debenture terms		(795,645)	-
Loss on factoring		637,469	-
Share of loss from investment in associates	Note 5	984,520	-
Share-based compensation	Note 12	4,929,973	829,236

Changes in working capital items

Accounts receivable	Note 6	830,215	(843,425)
Notes receivable	Note 8	(1,330,493)	409,627
Accounts payable and accrued liabilities		(1,509,814)	(378,710)
Tax payable		609,197	423,820
Inventory	Note 7	(1,385,827)	(2,073,013)
Pre-paid expenses and other	Note 9	(2,106,648)	(801,184)
Cash used in operating activities		(9,537,769)	(9,350,279)

Investing activities

Acquisitions		(60,000)	1,595,369
Purchase of property, plant and equipment		(656,534)	(576,207)
Cash (used in) provided by investing activities		(716,534)	1,019,162

Financing activities

Issuance of common shares & convertible debentures	Note 11, 12	1,641,968	16,419,356
Loans	Note 13	9,236,644	1,111,039
Lease payments		(488,866)	(284,469)
Share issuance costs	Note 12	-	(1,343,269)
Cash raised in finance activities		10,389,746	15,902,657

Change in cash during the period		135,443	7,571,540
Cash beginning of the period		1,838,624	3,679,865
Cash end of the period		1,974,067	11,251,405

These notes are an integral part of the Condensed Interim Consolidated Financial Statements

Halo Collective Inc.
Condensed Interim Consolidated Statements of Cash Flow

Expressed in US dollars

For the 3 months ended:

March 31, 2022 **March 31, 2021**

Supplemental disclosure of cash flow information:

Cash paid for interest on lease obligations	258,829	159,407
Cash paid for interest on other obligations	386,293	2,310
Cash paid for income taxes	3,846	-

Supplemental disclosure of non-cash investing and financing activities:

Issuance of warrants	1,078,689	-
Shares issued in connection with acquisition	7,642,782	33,559,205
Contingent consideration incurred in connection with acquisition	-	2,138,444
Conversion of convertible debt and accrued interest to equity	772,907	3,338

These notes are an integral part of the Condensed Interim Consolidated Financial Statements

1. Nature of operations and background information

Halo Collective Inc. (“Halo Collective” and the “Company”) was incorporated under the laws of the Province of British Columbia on May 25, 1987. The Company continued under the laws of the Province of Ontario on January 21, 2005, and is listed on the NEO Exchange (“NEO”) under the symbol “HALO.” The Company operates under the assumed business name of Halo Collective. The Company’s US based business operations entail manufacturing cannabis oil and concentrates and distributing cannabis products for recreational use in the states of Oregon, Nevada and California. The Company’s registered corporate office is 65 Queen Street West, Suite 805, Toronto, Ontario M5H 2M5.

On January 25, 2021, the Company changed its name from Halo Labs Inc. to Halo Collective Inc. In connection with the name change, the common shares are trading on the OTCQX under the trading symbol HCANF. The common shares are trading on the Frankfurt Stock Exchange under the trading symbol A9KM.

Effective October 8, 2021, the Company consolidated its common shares, with one post-consolidation common share for every 100 pre-consolidation common shares. All share figures and references have been retrospectively adjusted.

2. Going concern

These condensed interim consolidated financial statements (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on generating profitable operations, raising additional financing, and continuing to manufacture its products. Having been prepared giving effect to the going concern assumption, these financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and classifications on the statement of financial position that would be necessary if the going concern assumption was not appropriate.

As at March 31, 2022, the Company had continued losses and an accumulated deficit. There is no assurance that the Company will generate profits from operations or that additional future funding will be available to the Company, or that such funding will be both adequate to cover its obligations and available on terms which are acceptable to the management of the Company over the long term.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company’s operations have so far not been materially affected negatively since the outbreak of the pandemic. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

In the United States, 37 states, the District of Columbia, and the U.S. territories of Guam and Puerto Rico allow the use of medical cannabis. The District of Columbia and eleven states - Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont and Washington legalized the sale and adult-use of recreational cannabis. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the Federal Controlled Substances Act of 1970 ("Federal CSA"). Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, even in those states in which marijuana is legalized under state law, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance that is still illegal at the federal level. There remains uncertainty about the US federal government's position on cannabis with respect to cannabis-legal states. A change in its enforcement policies could impact the ability of the Company to continue as a going concern.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

3. Basis of preparation

3.1 Basis of presentation and statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board and use the same accounting policies as the most recent audited annual consolidated financial statements. These condensed interim consolidated financial statements were authorized for issue by the Audit Committee of the Company's Board of Directors on May 4, 2022. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2021. Certain 2021 figures have been reclassified to conform to the current year's presentation.

Acquisitions

1285826 B.C. Ltd. (doing business as H2C Beverages)

On January 25, 2022, the Company has completed the acquisition of 1285826 B.C. Ltd. (dba H2C Beverages) ("H2C"), a company focused on cannabinoids and non-psychoactive mushroom functional beverages. In exchange for the acquisition of all of the issued and outstanding shares of H2C, the Company has issued a total 8,141,539 common shares for a consideration of \$7,642,782, which include a finders' fee of 603,077 common shares value at \$566,132. Under IFRS, the transaction was not considered the acquisition of a business.

The total consideration of the transaction in the amount of \$7,642,782 was attributed to intangibles assets as the company's sole asset was the recipes.

Purchase price allocation

Intangible assets	7,642,782
Net purchase price	\$ 7,642,782

As at March 31, 2022, the carrying value of intangible assets was \$7,642,782 (December 31, 2021: Nil). No amortization was recorded

4. Operating segments

Disclosure by Segment - three months ending March 31, 2021

	US	Canada	UK	Lesotho	Total
Revenue	\$ 9,939,103	\$ -	\$ -	\$ -	\$ 9,939,103
Cost of Cannabis inventory sold	7,724,702	-	-	13,831	7,738,533
Gross profit excluding FV changes	2,214,401	-	-	(13,831)	2,200,570
Realized and unrealized (gain) loss on biological assets	411,905	-	-	(167,111)	244,794
Gross profit (loss)	1,802,496	-	-	153,280	1,955,776
Net loss	(2,434,490)	(6,312,864)	(69,901)	(250,426)	(9,067,681)
Total assets	58,642,565	66,343,112	5,456,219	3,461,202	133,903,098
Long-term financial liabilities	\$ 8,098,963	\$ 8,983,025	\$ -	\$ 3,066,000	\$ 20,147,988

Disclosure by Segment - three months ending March 31, 2022

	US	Canada	UK	Lesotho	Total
Revenue	\$ 6,924,542	\$ 637,583	\$ -	\$ -	\$ 7,562,125
Cost of Cannabis inventory sold	5,715,696	432,560	-	-	6,148,256
Gross profit excluding FV changes	1,208,846	205,023	-	-	1,413,869
Realized and unrealized (gain) loss on biological assets	166,753	-	-	-	166,753
Gross profit (loss)	1,042,093	205,023	-	-	1,247,116
Net loss	(2,540,844)	(11,244,144)	-	-	(13,784,988)
Total assets	58,252,303	59,485,526	-	-	117,737,829
Long-term financial liabilities	\$ 5,997,354	\$ 7,072,528	\$ -	\$ -	\$ 13,069,882

The operating segments are known as operations by entities incorporated in the US, operations incorporated in Canada and corporate expenses in Canada, operations incorporated in the UK and operations incorporated in the Kingdom of Lesotho, net of inter-company eliminations. In determining the operating segments, management also considered operations in cultivation, manufacturing and distribution across the geographical locations, and monitors these segments separately throughout the year.

5. Investments and deposits

Investments and deposits

As at:	March 31, 2022	December 31, 2021
Long-term investments	\$ 24,169,906	\$ 18,595,132
Deposits	740,000	680,000
Total	\$ 24,909,906	\$ 19,275,132

Williams Wonder Farms LLC

The Company has entered into an asset purchase agreement effective July 23, 2021, pursuant to which its wholly-owned subsidiary ANM, Inc. will acquire the William's Wonder Farms cannabis cultivation business in Oregon, including all trademarks, light dep flower, licenses issued by the Oregon Liquor Control Commission (the "OLCC") and subject to OLCC approvals, equipment, and related operating assets.

Upon closing of the transaction, ANM Williams Farms LLC will acquire the OLCC licenses and related operating assets from the two entities doing business as William's Farms: William's Wonder Farms LLC and Set Ventures LLC (the "William's Wonder entities"). The consideration payable by Halo for the acquisition of the assets from William's Wonder entities is \$3.8 million, of which \$2.8 million is payable in cash and \$1 million in exchange for 258,133 common shares of Halo. \$500,000 of the purchase price will be placed into escrow to serve as a source for any potential indemnification claims against the selling parties. The closing of the transaction is subject to the approval of the NEO Exchange Inc. and the OLCC, as well as the satisfaction of other customary closing conditions. The closing is expected to occur in Q2 2022.

As at March 31, 2022, the Company advanced an additional \$60,000 to William's Wonder entities as a which total \$740,000 (December 31, 2021: \$680,000).

Akanda Corp.

On November 4, 2021, the Company completed its previously announced share purchase transaction with Akanda Corp. ("Akanda"). Contemporaneously, with closing of the transaction, Halo and Akanda entered into an investor rights agreement that provides the Company with certain rights with respect to its Akanda Shares, relating to information rights, board observation rights and the right to nominate a director to the Akanda board of directors in certain circumstances. Halo has also agreed that the investor rights agreement will not provide Halo with any rights of first offer to participate in future equity offerings by Akanda as previously announced. As part of the closing of the Transaction, Akanda issued a secured convertible debenture to Halo in the principal amount of US\$6.6 million in exchange for setting off all outstanding indebtedness owed by Bophelo and Canmart to Halo.

The Company received 13,129,212 common shares of Akanda valued at \$13,129,212 on November 4, 2021 and sold 2,100,000 common shares for consideration of \$2,100,000 on November 12, 2021.

On March 14, 2022, an amount of \$6,559,294 was reclassified from notes receivable (Note 8) to long-term investment upon conversion of Akanda convertible debenture.

For the three months ended March 31, 2022, the Company has recorded a loss from investment in Akanda of \$976,939 (three months ended March 31, 2021: Nil).

On March 31, 2022, the fair market value of the company's investment in Akanda was \$90,640,799. The company is currently subject to a lock up of its shares post IPO that occurred on March 15, 2022. The company intends to sell a significant portion of its stake after lock up period expires.

As at March 31, 2022, a long-term investment of \$16,078,037 was recorded (December 31, 2021: \$10,495,682).

6. Accounts receivable

Accounts receivable		
As at:	March 31, 2022	December 31, 2021
1 - 30 days	1,474,795	\$ 1,958,728
30 - 60 days	889,414	2,869,968
60 - 90 days	503,225	227,479
> 90 days	2,375,580	1,017,054
Total	\$ 5,243,014	\$ 6,073,229

Accounts receivable are measured at amortized cost net of allowance for uncollectible amounts. The Company determines its expected credit loss based on several factors, including the length of time an account is past due, the customer's previous loss history, and the ability of the customer to pay its obligation to the Company. The Company writes off receivables when they become uncollectible.

Accounts receivable		
As at:	March 31, 2022	December 31, 2021
Accounts receivable - trade	\$ 5,753,390	\$ 6,484,206
Bad debt provision	(510,376)	(410,977)
Total accounts receivable	\$ 5,243,014	\$ 6,073,229

Bad debt expense amounts are included in general and administration expenses. All the Company's trade and other receivables were reviewed for impairment based on expected credit losses. In the three months ended March 31, 2022, there were no impairments in accounts receivable over 90 days (three months ended March 31, 2021: Nil).

7. Inventory

The Company maintains three classes of inventory: raw materials, work in process ("WIP") and finished goods. Raw materials consist of cannabis "trim" and various packaging and incidental items. WIP consists primarily of inventory in the process of being converted from trim to oil or live resin. Finished goods inventory includes cannabis oil in cartridges, bulk live resin, edibles, batteries for vaporizer pen cartridges, and packages of solidified cannabis oil ("shatter").

Inventory by class

As at:	March 31, 2022	December 31, 2021
Raw materials	\$ 5,779,864	\$ 2,915,613
Work in progress	2,087,439	2,809,852
Finished goods	10,172,203	11,094,967
Total	\$ 18,039,506	\$ 16,820,432

In the three months ended March 31, 2022, the amount included in the cost of goods sold was \$3,734,969 (three months ended March 31, 2021: \$5,582,106). In the three months ended March 31, 2022, there were no inventory impairments charged to the cost of goods sold (three months ended March 31, 2021: Nil).

In the three months ended March 31, 2022, depreciation of \$377,531 was recognized as cost of goods sold (three months ended March 31, 2021: \$287,441) and \$292,768 was recognized as operating expenses in relation to leased assets (three months ended March 31, 2021: \$208,989).

8. Notes receivable

Notes receivable

As at:	<i>March 31, 2022</i>	<i>December 31, 2021</i>
Due from Akanda; note receivable	\$ 193,897	\$ 6,705,767
Due from executives; due on receipt and no interest bearing	135,717	306,890
Due from suppliers; 5 year term at 2.5% annual interest	1,478,979	1,144,122
Due from Bar X Farms, LLC; unsecured 8% annual interest matures on December 31, 2023	1,262,946	1,243,016
Due from Lake County Nations Health LLC; 15% annual interest, matures on October 1, 2022	1,542,362	649,117
Due from Williams Wonder pending closing of acquisition	370,771	430,771
Due from Pistil Point Distribution pending closing of acquisition	665,207	398,997
Secured credit line; promissory note at 2% annual interest, matures on January 13, 2023	57,498	57,498
Sub-total	5,707,377	10,936,178
Less current portion	(2,767,665)	(7,775,433)
Total	\$ 2,939,712	\$ 3,160,745

Notes receivable as at March 31, 2022, were \$5,707,377 (December 31, 2021: \$10,936,178). They include:

- Note receivable from Akanda including \$193,897 note receivable with no specific payment terms (December 31, 2021: \$146,473). An amount of \$6,559,294 Secured Debenture with terms specified below (December 31, 2021: \$6,559,294) was classified as long-term investment (Note 5) on March 14, 2022;
- \$135,717 due from executives of the Company or entities controlled by executives of the Company with varied terms from due on receipt bears no interest to 5 year term with 2.5% annual interest (December 31, 2021: \$306,890);
- an amount of \$1,478,979 due from suppliers with 5 year term and bears 2.5% annual interest (December 31, 2021: \$1,144,122);
- \$1,262,946 due from Bar X Farms, LLC with 8% annual interest and matures on December 31, 2023 (December 31, 2021: \$1,243,016);
- \$1,542,362 due from Lake County National Health LLC non-recourse promissory note that bears 15% annual interest matures on October 1, 2022 (December 31, 2021: \$649,117);

- \$370,771 from the Williams Wonder acquisition pending closure (December 31, 2021: \$430,771);
- \$665,207 from the Pistil Point acquisition pending closure (December 31, 2021: \$398,997); and
- \$57,498 from secured line of credit promissory note that bears 2% annual interest and matures on January 13, 2023 (December 31, 2021: \$57,498).

The \$6,559,294 Secured Debenture issued by Akanda Corp. bears an interest rate of 1% annually, which amount may be paid in the form of Akanda Shares at the applicable conversion price upon a conversion of the debenture. The debenture matures on November 2, 2022 and is secured by all of Akanda's assets. The debenture will be automatically converted into Akanda shares upon certain liquidity events (each, a "triggering event") occurring within six months from the date of the debenture, including an initial public offering of Akanda shares on a stock exchange, an amalgamation, arrangement, merger, reverse takeover, reorganization, or other similar transaction of Akanda with or into any other person, or a sale or conveyance of all or substantially all of the property and assets of Akanda. On March 14, 2022, Akanda's convertible debenture was converted.

9. Deposits and prepaid expenses

Deposits and prepaid expenses

As at:	March 31, 2022	December 31, 2021
Prepaid expenses and other	\$ 7,951,790	\$ 3,208,452

Included in prepaid expenses are advance to various vendors and other prepaids and deposits. As at March 31, 2022, the commitment fee paid in relations to the loan agreement and subscription agreement with Global Tech Opportunities 6 was \$2,378,539.

10. Related party relationships, transactions and balances

Key employees include the Company's directors, senior officers and any employees with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Compensation key executives

Year ended	<i>March 31, 2022</i>	<i>March 31, 2021</i>
Salaries, commissions, bonuses, consulting fees	\$ 722,861	\$ 398,475
Share-based compensation	456,711	307,401
Total	\$ 1,179,572	\$ 705,876

The table above lists all share-based compensation received by key executives, which includes shares issued in lieu of salary that are recorded as salaries in the Condensed Interim Consolidated Statement of Loss and Comprehensive Loss. Options and warrants were granted on June 21, 2021 to staff, directors and consultants. Options and warrants granted to employees and directors vest over a period of 2 - 4 years. Share-based compensation is recognized on a graded vesting basis and is expensed and included in operations.

In the three months ended March 31, 2022, remuneration to executives was \$722,861 (three months ended March 31, 2021: \$398,475). Share-based compensation was \$456,711 (three months ended March 31, 2021: \$307,401).

Related parties

As at:	<i>March 31, 2022</i>	<i>December 31, 2021</i>
Due from directors, officers and other related parties	\$ 135,717	\$ 306,890
Due to directors, officers and other related parties	4,894	30,181
Accounts payable and accrued liabilities due to related parties	22,000	-

As at March 31, 2022, due from shareholders and related parties is \$135,717 (December 31, 2021: \$306,890) in relation to notes receivable from executives of the Company (Note 11). As at March 31, 2022, due to shareholders and related parties was \$4,894 (December 31, 2021: \$30,181). This was related to accrued salaries and loans to certain board members and executives of the Company as well as business expenses incurred by related parties.

11. Convertible debentures

2019 Convertible debenture

On March 29, 2019, the Company filed a short form prospectus in connection with a best effort offering of convertible debenture units of the Company at a price of C\$1,000 per initial unit for gross proceeds of \$15,842,620 (C\$21,163,000). On Feb 15, 2022, the Debenture holders passed an extraordinary resolution to amend the certificates between the Company and each of the Debenture holders, which will amend the Convertible Debentures to: (i) extend the maturity date of the Convertible Debentures from April 4, 2022 to December 31, 2024; (ii) reduce the interest rate of the Convertible Debentures from 8% to 0.0%; (iii) amend the conversion terms of the Convertible Debentures to make such debentures convertible into units (each, a "Unit"); (iv) lower the conversion price of the Convertible Debentures to C\$1.03 per Unit from C\$65 per debenture; and (v) provide the Company with a right to accelerate the conversion of the Convertible Debentures.

Each Unit is comprised of one common share of Halo and one half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable to purchase one Common Share at an exercise price of C\$2.35 per Common Share, subject to adjustment, until February 15, 2024.

Continuity 2019 convertible debenture

Balance December 31, 2021	\$ 9,661,212
Adjustments	(3,272,581)
Liability portion of conversions in the period	(1,435,399)
Interest paid	(83,464)
Accretion of loan discount	189,597
Accrued interest	84,573
Foreign exchange gain (loss)	142,121
Balance March 31, 2022	\$ 5,286,059

On April 4, 2019, the Company issued 21,163 debentures for total gross proceeds of \$15,842,620 (C\$21,163,000).

As at March 31, 2022, the amount of convertible debenture outstanding was \$5,286,059 (December 31, 2021: \$9,661,212). As at March 31, 2022, a total of 11,272 debentures were converted into 2,810,107 common shares of the Company and 9,889 debentures are in issue. Pursuant to the prospectus agreement, the Company is required to hold in escrow, funds sufficient to cover interest payment to maturity of the convertible debenture on April 4, 2022. As at March 31, 2022, \$84,573 (December 31, 2021: \$126,947), was recorded as restricted cash on the Condensed Interim Consolidated Statement of Financial Position, and sufficient to cover interest payments to maturity of the convertible debenture.

2021 Convertible promissory note

On July 14, 2021, in connection with the closing of the asset purchase agreement with High Tide Inc., the Company issued a convertible promissory note to the former owner of High Tide Inc. in the principal amount of \$1,438,274 (C\$1,800,000) with a conversion rate of \$12.78 (C\$16.00) per Halo Share.

As at March 31, 2022, the amount of the 2021 convertible promissory note outstanding was \$1,351,957 (December 31, 2021: \$1,286,625).

Continuity 2021 convertible note

Balance December 31, 2021	\$ 1,286,625
Accretion of loan discount	24,655
Accrued interest	21,607
Foreign exchange gain (loss)	19,070
<hr/>	
Balance March 31, 2022	<hr/> \$ 1,351,957 <hr/>

2022 Unsecured Convertible Debenture

During the period ended on March 31, 2022, the Company has entered into a loan agreement and subscription agreement with Global Tech Opportunities 6.

On January 13, 2022, the Company issued a total of \$2,495,296 (C\$3,118,122) convertible debenture to settle \$1,915,876 of the first advance made by Global Tech Opportunities 6 and \$520,166 of commitment fee associated with the loan agreement and the subscription agreement, which will be amortized over the commitment period of 18 months. The convertible debenture bears no interest and matures on January 12, 2024 with conversion price of the lower of: (a) C\$1.25; and (ii) the closing price of the Common Shares on the NEO on the date immediately preceding the date on which a Conversion Notice is delivered to the Corporation (or, in the event of the automatic conversion of the Outstanding Principal upon the maturity of this Convertible Debenture, the Maturity Date); On March 8, 2022, the convertible debenture issued in connection with repayment of the advance was fully converted to 3,147,045 common shares at an average conversion price of C\$0.99.

On March 8, 2022, the Company issued \$4,001,280 (C\$5,000,000) convertible debenture for gross receipt of \$1,772,053 and commitment fee payment of \$2,000,640. The commitment fee will be amortized over the commitment period of 36 months. The convertible debenture bears no interest and matures on March 7, 2024 with conversion price of the lower of: (a) C\$1.00; and (ii) the closing price of the Common Shares on the NEO on the date immediately preceding the date on which a Conversion Notice is delivered to the Corporation (or, in the event of the automatic conversion of the Outstanding Principal upon the maturity of this Convertible Debenture, the Maturity Date); On March 31, 2022, the convertible debenture issued was fully converted to 12,151,025 common shares at an average conversion price of C\$0.41.

12. Share capital

12.1 Share capital

Authorized shares

The authorized number of common shares is unlimited without par value.

Effective October 8, 2021, the Company has consolidated its common shares on the basis of one post-consolidation common share for every 100 pre-consolidation common shares. All share figures and references are retrospectively adjusted.

Shares issued in the three months ended March 31, 2022

- On January 21, 2022, 8,141,539 shares were issued, valued at \$7,642,782 relating to the 1285826 B.C. Ltd. DBA H2C Beverages acquisition, including finder fees consists of 603,077 shares valued at \$566,132 were issued relating to this transaction (Note 14);
- During the three months ended March 31, 2022, a total of 17,977,194 common shares, valued at \$8,235,507, were issued on conversion of debentures;
- During the three months ended March 31, 2022, a total of 11,918,799 common shares, valued at \$4,292,441, were issued on conversion of promissory notes; and
- During the three months ended March 31, 2022, 5,439,096 common shares were issued, valued at \$3,858,729 to certain independent consultants, related parties and suppliers of the Company, in lieu of cash consideration accrued;

Costs in relation to share issuances are classified as share issuance costs in the Condensed Interim Consolidated Statement of Change in Shareholders' Equity. In the three months ended March 31, 2022, share issuance costs included in the Condensed Interim Consolidated Statement of Change in Shareholders' Equity were \$Nil (three months ended March 31, 2021: \$1,343,269).

As at March 31, 2022, the Company had 497,309 common shares in escrow (December 31, 2021: 497,309).

Shares issued in the three months ended March 31, 2021

- On March 2, 2021, 473,808 shares were issued, valued at \$5,628,953 as pre-closing deposits for the acquisitions of SDF11 LLC and ZXC11 LLC (Note 6);
- On March 2, 2021, 2,373,007 shares were issued, valued at \$28,191,909 for the acquisitions of Black and Crimson LLC and POI11 LLC (Note 14);

- On March 2, 2021, 177,976 shares were issued, valued at \$2,114,393 as finders' fee for the acquisitions of Black and Crimson LLC and POI11 LLC (Note 14);
- On March 9, 2021, 462 shares were issued, valued at \$23,684 on conversion of a convertible debenture;
- During the three months ended March 31, 2021, a total of 1,679,564 common shares, valued at \$16,320,917 were issued, in relation to overnight marketed and ATM public offerings;
- During the three months ended March 31, 2021, 125,000 shares were issued, valued at \$1,183,319 in relation to the conversion of the second amended and restated convertible credit facility; and
- During the three months ended March 31, 2021, a total of 10,010 common shares were issued, on exercise of options and warrants for cash proceeds of \$98,439.

12.2 Share purchase warrants

The following table summarizes information regarding warrants by term, the number of warrants granted and exercise price for the three months ended March 31, 2022.

Warrants issued and vested		March 31, 2022			December 31, 2021		
Grant date	Expiry date	Number of warrants issued	Number of warrants vested	Exercise price (CAD\$)	Number of warrants issued	Number of warrants vested	Exercise price (CAD\$)
October 11, 2017	October 10, 2027	7,125	7,125	\$72.11	7,125	7,125	\$72.11
May 13, 2018	May 14, 2023	1,347	1,347	\$77.00	1,347	1,347	\$77.00
September 28, 2018	September 30, 2023	3,000	3,000	\$40.00	3,000	3,000	\$40.00
September 28, 2018	September 27, 2024	6,250	6,250	\$40.00	6,250	6,250	\$40.00
September 8, 2020	September 8, 2022	15,000	15,000	\$13.50	15,000	15,000	\$13.50
February 2, 2021	August 2, 2023	904,107	904,107	\$12.50	904,107	904,107	\$12.50
February 11, 2021	August 11, 2023	108,301	108,301	\$12.50	108,301	108,301	\$12.50
February 19, 2021	February 9, 2024	657,144	657,144	\$22.50	657,144	657,144	\$22.50
April 7, 2021	April 7, 2022	100,000	100,000	\$11.00	100,000	100,000	\$11.00
May 12, 2017	May 11, 2027	62,437	62,437	\$72.11	62,437	62,437	\$72.11
January 6, 2022	January 6, 2027	875,000	875,000	\$1.60	-	-	-
February 23, 2022	February 15, 2024	1,159,950	1,159,950	\$2.35	-	-	-
February 24, 2022	February 16, 2024	9,708	9,708	\$2.35	-	-	-
February 28, 2022	February 17, 2024	33,494	33,494	\$2.35	-	-	-
March 8, 2022	February 18, 2024	46,116	46,116	\$2.35	-	-	-
March 28, 2022	February 19, 2024	80,097	80,097	\$2.35	-	-	-
March 31, 2022	February 19, 2024	10,194	10,194	\$2.35	-	-	-
		4,079,270	4,079,270	\$ 9.62	1,864,711	1,864,711	\$ 18.61

The Company recognized \$740,983 share-based payments for services for the three months ended March 31, 2022 (three months ended March 31, 2021: Nil).

During the three months ended March 31, 2022, 2,214,559 warrants, valued at \$337,706, were issued on conversion of debentures.

As at March 31, 2022, 4,079,270 warrants were exercisable (December 31, 2021: 1,864,711). As at that date, the average exercise price of exercisable warrants was C\$9.62 (December 31, 2021: C\$18.61).

Warrants outstanding

	<i>3 months ending March 31, 2022</i>		<i>3 months ending March 31, 2021</i>	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at beginning of	1,864,711	\$ 18.61	488,832	\$ 37.43
Granted	2,214,559	\$ 2.05	1,679,564	\$ 13.00
Exercised	-	\$ -	(10,010)	\$ 10.00
Forfeited / cancelled	-	\$ -	-	\$ -
Outstanding at end of	4,079,270	\$ 9.62	2,158,385	\$ 18.55

Note: Prices in Canadian dollars

As at March 31, 2022, the weighted average exercise price of each Halo warrant granted and in issue was C\$9.62 (December 31, 2021: C\$18.61). As at date, the weighted average fair market value of each warrant in issue was C\$2.27 using the Black-Scholes Option Pricing Model (December 31, 2021: C\$2.53). As at March 31, 2022, the weighted average remaining contractual life of the warrants is 2.37 years (December 31, 2021: 1.85 years).

The assumptions used for the calculation of the fair value of warrants at grant date during the three months ended March 31, 2022 and 2021 are:

Black-Scholes assumptions for warrants

	<i>3 months ending March 31,</i>	
	2022	2021
Risk free rate	1.41%	0.15% - 0.22%
Expected life	5 years	2.5 - 3 years
Volatility	144%	139% - 143%
Expected dividend per share	Nil	Nil
Share price	\$1.22	\$0.09 - \$0.205

Note: Prices in Canadian dollars

12.3 Options

The Company has established a stock option plan for directors, employees, and consultants. The aggregate number of common shares issuable pursuant to options granted under the plan is 10% of the issued and outstanding common shares. The board of directors has the exclusive power over the granting of options, the exercise price and their vesting and cancellation provisions.

In the event of a change of control, unless otherwise specified in the stock option agreement for a particular grant, any right to repurchase an optionee's shares at the original exercise price shall lapse and all such shares shall become vested if such change of control occurs during the optionee's term of service and the repurchase right is not assigned to the entity immediately after the change of control.

The following table summarizes information regarding stock options issued by term, number of options granted and exercise price for the three months ended March 31, 2022.

Options issued and vested		March 31, 2022			December 31, 2021		
Grant date	Expiry date	Number of options issued	Number of options vested	Exercise price (CAD\$)	Number of options issued	Number of options vested	Exercise price (CAD\$)
May 12, 2017	May 11, 2027	13,162	13,162	\$ 86.67	13,162	13,162	\$ 86.67
September 28, 2018	September 29, 2024	49,012	49,012	\$ 40.00	49,012	49,012	\$ 40.00
December 19, 2019	December 19, 2024	18,820	18,820	\$ 30.00	18,820	18,820	\$ 30.00
May 27, 2020	December 19, 2024	244,000	212,750	\$ 10.50	244,000	240,089	\$ 10.50
September 30, 2020	September 30, 2022	1,000	1,000	\$ 10.00	1,000	1,000	\$ 10.00
December 7, 2020	December 7, 2025	537,250	486,250	\$ 5.50	540,250	540,250	\$ 5.50
December 14, 2020	December 14, 2025	7,400	7,400	\$ 5.50	7,400	7,400	\$ 5.50
February 2, 2021	August 2, 2023	63,986	63,986	\$ 9.00	63,986	63,986	\$ 9.00
February 11, 2021	August 11, 2023	7,580	7,580	\$ 9.00	7,580	7,580	\$ 9.00
February 19, 2021	February 19, 2024	46,000	46,000	\$ 17.50	46,000	46,000	\$ 17.50
June 21, 2021	June 21, 2025	778,500	586,000	\$ 6.50	783,500	460,500	\$ 6.50
		1,766,710	1,491,960	\$ 9.11	1,774,710	1,447,799	\$ 9.10

Note: Prices in Canadian dollars

As at March 31, 2022, the weighted average remaining contractual life of each option is 3 years (December 31, 2021: 3 years).

Options outstanding	3 months ending March 31, 2022		3 months ending March 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of	1,774,710	\$ 9.10	930,886	\$ 7.92
Granted	-	\$ -	237,569	\$ 9.00
Exercised	-	\$ -	-	\$ -
Forfeited / cancelled	(8,000)	\$ 6.13	-	\$ -
Outstanding at end of	1,766,710	\$ 9.11	1,168,456	\$ 8.14

The Company recognized share-based compensation related to options granted and vesting during the three months ended March 31, 2022, in the amount of \$330,261 (three months ended March 31, 2021: \$829,267).

The assumptions used for the calculation of the fair value of options at grant date during the three months ended March 31, 2022, and 2021 are:

Black-Scholes assumptions for options

	3 months ending March 31,	
	2022	2021
Risk free rate: 5-7 years	-	0.15% - 0.23%
Expected life	-	2.5 - 5 years
Volatility	-	139% - 143%
Expected dividend per share	-	Nil
Share price	-	\$9.00 - \$20.50

Note: Prices in Canadian dollars

13. Other loans

Other loans		
As at:	March 31, 2022	December 31, 2021
Non-recourse promissory note secured by deed of trust in LCNH LLC; 15% annual interest and matures on October 1, 2022	\$ 2,501,351	\$ 3,205,231
Unsecured loan agreement with Global Tech Opportunities 6; 8% interest, matures within six months of advance	4,452,648	-
Merchant cash advance; secured and non-interest bearing	2,883,045	1,963,382
Secured promissory note: 9.5% interest, matures on July 29, 2022	1,500,000	1,500,000
Unsecured line of credit agreement in Bar X LLC; 8% interest, matures on December 31, 2023	519,844	519,844
Unsecured loan; 5% interest per month, matures in December 2022	-	460,723
Equipment lease, matures in January 2023	171,469	214,394
Other loans	216,782	112,843
Sub-total	12,245,139	7,976,417
Less current portion	(11,169,003)	(6,875,442)
Total	\$ 1,076,136	\$ 1,100,975

As at March 31, 2022, total loans were \$12,245,139 (December 31, 2021: \$7,976,417). This included:

- A \$2,501,351 balance payable to lenders of LCNH. The loan matures on October 1, 2022 and carries 15% annual interest including accrued interest payable of \$176,351 (December 31, 2021: amount outstanding \$3,205,231);
- A \$4,452,648 balance payable to Global Tech Opportunities 6, an unsecured loan agreement carries 8% interest and matures in six months of advance (December 31, 2021: Nil);
- A \$2,883,045 balance pursuant to a secured merchant cash advance agreement with no interest bearing (December 31, 2021: \$1,963,382);
- A \$1,500,000 promissory note payable a lender of Ukiah Ventures Inc. The promissory note matures on July 29, 2022 and carries 9.5% annual interest (December 31, 2021: amount outstanding \$1,500,000);
- A \$519,844 loan payable to lenders of Bar X Farms, LLC pursuant to a credit agreement which carries 8% annual interest, and matures on December 31, 2023 (December 31, 2021: amount outstanding \$519,844);
- A Nil unsecured loan which carries 5% interest and repayable within 12 months (December 31, 2021: Nil);

amount outstanding \$460,723);

- A \$171,469 balance pursuant to an equipment lease agreement which ends in January 2023 (December 31, 2021: amount outstanding \$214,394);
- Other loans of \$216,782 with no specific payment terms (December 31, 2021: amount outstanding \$112,843).

14. Capital management

The Company's objectives for managing capital are: (i) to maintain a flexible capital structure that optimizes the cost/risk equation; and (ii) to manage capital in a manner that maximizes the interests of shareholders. The Company considers capital as the total equity and debt disclosed on the statement of financial position.

Capital structure

As at:	<i>March 31, 2022</i>	<i>December 31, 2021</i>
Shareholders' equity	\$ 80,675,763	\$ 66,456,479
Long-term loans	7,714,152	2,387,600
Short-term loans	11,169,003	16,536,654

The Company manages the capital structure and adjusts informed by changes in economic conditions and the risk characteristics of the underlying assets. The Company's capital structure is managed in conjunction with the financial needs of the day-to-day operations. The Company currently funds the working capital requirements out of its cash, internally generated cash flows, various loans, and periodic infusions from investors.

Management does not establish quantitative return on capital criteria. However, management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is appropriate. As at March 31, 2022, the Company is not subject to any externally imposed capital requirements.

15. Financial instruments

15.1 Fair value of financial instruments

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level Two includes inputs that are observable other than quoted prices in Level One;
- Level Three includes inputs that are not based on observable market data.

The Company has designated its cash and restricted cash as Level 1. The fair value of the notes receivable from Aftermath and the fair value of convertible promissory notes at time of issue are determined using Level 3 of the hierarchy.

As at March 31, 2022, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent.

15.2 Financial instruments risk exposures

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, restricted cash, accounts receivable and notes receivable. The amounts disclosed in the statement of financial position are net of allowance for doubtful accounts, estimated by the management of the Company based on its assessment of the current economic environment. The Company does not have significant exposure to any individual customer. The Company's maximum exposure to credit risk as at March 31, 2022 is the carrying value of cash, restricted cash, accounts receivable, and notes receivable. The Company believes that there is limited risk that notes receivables are not settled. The Company takes a provision to allow for accounts receivable not being settled, which it believes is enough.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities.

Financial liabilities - March 31, 2022

	Accounts payable & accrued liabilities	Loans and Debenture liability	Total
Carrying value	\$ 10,097,328	\$ 18,883,155	\$ 28,980,483
1 - 30 days	4,303,947	381,391	4,685,338
30 - 60 days	345,279	14,308	359,587
60 - 90 days	907,896	14,431	922,327
> 90 days	4,540,206	18,473,025	23,013,231

As at March 31, 2022, the Company had current assets of \$35,976,042 (December 31, 2021: \$35,716,170) and current liabilities of \$23,992,184 (December 31, 2021: \$30,287,258). All current liabilities are due within one year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk foreign currency risk and other price risk.

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities. The Company is not exposed to interest rate price risk, as its convertible notes are carried at a fixed interest rate throughout their term.

Foreign currency risk

Foreign currency risk derives from fluctuations in exchange rates between currencies when transacting business in multiple currencies. The Company's business is substantially all conducted in US dollars in the U.S., so it is not subject to any significant foreign currency risk. In Lesotho, the Company's business is conducted in Loti and is subject to exchange rate fluctuations. The Company holds Canadian dollars in the bank account of Halo Labs in Canada and is subject to exchange rate fluctuations.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk and a change in the price of cannabis. The Company is not exposed to significant other price risk.

16. Commitments and contingencies

The table below provides undiscounted cash payments required for those right-to-use assets as well as other commitments that do not meet the definition of a lease.

The Company has commitments under certain leases for its facilities. On January 1, 2019, the Company adopted IFRS 16 and now records a right-of-use asset for each lease commitment that meets the requirements of the policy.

Committed lease obligations	Amount due
2022	1,641,285
2023	1,885,811
2024	1,899,098
2025	1,913,580
2026	783,875
2027	484,858
2028	431,652
Thereafter	545,778

The Company is a party to legal proceedings and other claims in the ordinary course of its operations. Management commitments, litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its financial statements. Where proceedings are at a premature stage or the ultimate outcome is not determinable, no provision is recorded. It is possible that the final resolution of these matters may require the Company to make expenditures in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these Condensed Interim Consolidated Financial Statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

17. Non-Controlling Interests

The non-controlling interests of the Company for each affiliate before intercompany elimination are summarized in the table below:

Non-Controlling Interests

Summarized statement of financial position - as at March 31, 2021

	LKJ11	SDF11	ZXC11	Total
Current assets	\$ -	\$ -	\$ -	\$ -
Current liabilities	(4,215,889)	-	-	(4,215,889)
Current net assets (liabilities)	(4,215,889)	-	-	(4,215,889)
Non-current assets	31,483	-	-	31,483
Non-current liabilities	-	-	-	-
Non-current net assets (liabilities)	31,483	-	-	31,483
Accumulated NCI	\$ -	\$ -	\$ -	\$ -

Non-Controlling Interests

Summarized statement of financial position - as at March 31, 2022

	LKJ11	SDF11	ZXC11	Total
Current assets	\$ 285,248	\$ -	\$ -	\$ 285,248
Current liabilities	(4,785,142)	(524,782)	(1,165,554)	(6,475,478)
Current net assets (liabilities)	(4,499,894)	(524,782)	(1,165,554)	(6,190,230)
Non-current assets	72,753	158,916	421,224	652,893
Non-current liabilities	-	(1,033,486)	(358,618)	(1,392,104)
Non-current net assets (liabilities)	72,753	(874,570)	62,606	(739,211)
Accumulated NCI	\$ (87,801)	\$ (1,399,352)	\$ (1,102,948)	\$ (2,590,101)

The net change in the non-controlling interests is summarized in the table below:

Net change in the Non-Controlling Interests				
	LKJ11	SDF11	ZXC11	Total
Balance, December 31, 2020	\$ -	\$ -	\$ -	\$ -
Net loss attributable to NCI	-	-	-	-
Balance, March 31, 2021	\$ -	\$ -	\$ -	\$ -
Balance, December 31, 2021	\$ (57,379)	\$ (1,286,716)	\$ (951,810)	\$ (2,295,905)
Net loss attributable to NCI	(30,422)	(112,636)	(151,138)	(294,196)
Balance, March 31, 2022	\$ (87,801)	\$ (1,399,352)	\$ (1,102,948)	\$ (2,590,101)

18. Subsequent events

Westwood Budega™ Completion, Receives Permit and Prepares for Opening in May

On April 12, 2022, the Company announced that its Budega Westwood Dispensary passed its Los Angeles inspection and is expected to open within 30 days. The Budega Westwood location is perfectly located nestled in between Westwood to the west and Beverly Hills to the east, right off of one of LA's most traveled and famous thoroughfares for locals and visitors, the Santa Monica Boulevard (10461 Santa Monica Blvd) and within two miles of the University of Los Angeles California campus. The facility is leased and near complete with renovations of its approximately 1,500 square foot prime retail space with the potential to expand the site to up to 3,000 square feet.

On April 28, 2022, the Company announced that it has received final approvals from the Los Angeles Department of Cannabis Regulation & California Department of Cannabis Control and the State Department of Cannabis Control to commence adult-use sales at its Budega-branded retail dispensary in Westwood. This location is ready for transacting as the track and trace system and point-of-sale have been implemented. The remaining steps left to open include response to the final administrative review.

Acquisition of Dissolve Medical

On April 28, 2022, the Company announced that it has acquired all of the issued and outstanding shares of 1000116327 Ontario Ltd. (dba Dissolve Medical) ("Dissolve Medical"). Dissolve Medical is the developer of CBD slits a precise, rapid, discreet and healthier option for cannabis consumption, consisting of strips containing CBD, CBN, or CBG formulations and owns proprietary recipes and all packaging and designs associated with the product. The CBD slits produce an oral delivery system, which are similar to breath strips, that can be used for energy elixirs, herbal remedies, and a smokeless alternative option to medical and recreational users of CBD, CBN, or CBG.

Filing of Halo Tek Prospectus

On May 2, 2022, the Company announced that Halo Tek Inc. ("Halo Tek"), a wholly owned subsidiary of Halo, has filed a preliminary long form prospectus with the securities regulatory authorities each of the provinces and territories of Canada, other than Québec, for the purpose of qualifying the distribution by Halo to holders of Halo's common shares ("Halo Shares") of all of the issued and outstanding common shares in the capital of Halo Tek ("Halo Tek Shares") as a return of capital (the "Distribution").

In connection with the Distribution, Halo intends to affect a reduction in the stated capital of the Halo Shares. Such a reduction will require the approval of the holders of Halo Shares. Accordingly, a meeting of the shareholders of Halo has been called for June 16, 2022 (the "Meeting") for the purpose of conducting the annual business of Halo and considering a special resolution to approve the stated capital reduction. The completion of the Distribution is conditional on at least two-thirds of the votes cast by holders of Halo Shares at the Meeting being in favor of the stated capital reduction. In this regard, Halo intends to file a notice of meeting and management information circular in connection with the Meeting (the "Circular") in the coming weeks.

Securities issuance

On May 10, 2022, the Company issued 18,503,765 Compensation Shares in satisfaction of approximately C\$4,163,349 in fees and other compensation payable to independent consultants and related parties of the Company.