Halo Collective Inc. (formerly Halo Labs Inc.)
Management Discussion and Analysis
For the quarter ended March 31, 2022

This "Management's Discussion and Analysis" ("MD&A") for Halo Collective Inc., an Ontario Corporation ("Halo Collective", "Halo" or the "Company") has been prepared as of May 16, 2022, and should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Forward looking statements

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Company's business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward-looking statements are not historical facts but reflect the Company's current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to several risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding management's goal of creating shareholder value, the ability to fund future operating costs, the timing for future research and development of the Company's current and future technologies, sensitivity analysis on financial instruments that may vary from amounts disclosed, prices and price volatility of the Company's products and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although management has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Management believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct, and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and management undertakes no obligation to update publicly or revise any forward-looking information, whether because of new information, future events or otherwise, except as otherwise required by law. All the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Overview of Halo Collective Inc.

On January 25, 2021, the Company announced that, further to the shareholder approval obtained by the Company at its meeting of shareholders held on December 23, 2020, the Company changed its name from "Halo Labs Inc." to "Halo Collective Inc."

In connection with the name change, the common shares started trading on the OTCQB under the trading symbol "HCAND," on January 28, 2021, and on the Frankfurt Stock Exchange under the trading symbol "A9KM" on January 28, 2021. The common shares of the Company and $90 warrants of the Company started trading under the Company's new name on the Neo Exchange Inc. on January 27, 2021. The common shares will continue to trade on the NEO under the trading symbol "HALO". The new CUSIP number assigned to the common shares and warrants are 40638K101.

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

The Company is an Ontario corporation and a reporting issuer in all of the provinces and territories of Canada.

Halo Collective is a vertically integrated cannabis company operating cultivation, manufacturing, distribution, and retail assets in Oregon, California, and Alberta, Canada. The Company grows, extracts, and processes quality cannabis flower, oils, and concentrates. With a consumer-centric focus, Halo Collective markets innovative, branded, and private label products across multiple product categories in the United States.

Business Strategy

The Company's focus is to develop and structure its North American assets including developing retail assets in California and distribution in Oregon. To focus on the Company's core competencies, management has decided to spin-off the international and technology assets.

Cultivation (growing)

Oregon

- The Company currently cultivates cannabis in Oregon under the following: (i) four Oregon Liquor Control Commission ("OLCC") producer licenses held by a wholly owned subsidiary of the Company, and (ii) an OLCC producer license granted to Halo Winberry by the OLCC. The Company intends to cultivate cannabis only in jurisdictions where it believes its own cultivation activities are necessary to ensure adequate and cost-effective supply of raw cannabis materials to produce cannabis oil and concentrates, as well as the sale of flower and pre-rolls;
- In Oregon, the Company holds four OLCC producer licenses for outdoor cannabis cultivation on approximately four acres of farmland. The Company also manages outdoor cannabis cultivation on two additional adjacent acres under third-party production licenses whereby the raw material produced through its third-party management relationship is contracted to the Company. Further, the Company also cultivates cannabis on a ten-acre parcel of property located in Fall Creek,

Oregon under a producer license granted by the OLCC. The Company's Oregon cultivation sites help ensure a consistent supply of high-quality raw material for its manufacture of cannabis oils and concentrates. The Company also maintains its cultivation operations in Oregon as a hedge against price volatility for raw cannabis materials;

- On July 23, 2021, the Company entered into an asset purchase agreement, 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 ("OLCC") and subject to OLCC approvals, equipment, and related operating assets. ANM Williams Farm LLC, an indirect wholly owned subsidiary of Halo, will acquire three Tier II marijuana production licenses and related operating assets, including vegetative, cloning and other propagation equipment and shipping containers;
- Upon signing the asset purchase agreement, Halo is assisting with the day-to-day operations of the William's Wonder Farms business under the terms of a services agreement and will purchase 100% of the product cultivated at the premises pursuant to an offtake agreement;
- The signing of the definitive agreements for William's Wonder Farms will increase Halo's total harvestable cannabis canopies in Oregon to eleven acres: three acres at William's Wonder Farms, six acres at East Evan's Creek in Jackson County, one additional acre of pre-purchased cannabis in the Applegate and one acre at Fall Creek's Winberry Farm. As of March 31, 2022, no biological assets were transferred from Williams Wonder to the Company;
- On September 1st, 2021, the Company closed the acquisition of Food Concepts LLC, the master tenant of an approximately 55,000 square foot indoor cannabis cultivation, processing, and wholesaling facility in Portland, Oregon operated under the Pistil Point name, and the related licenses issued by the OLCC and other operating assets owned by the entities doing business as Pistil Point. The Pistil Point Acquisition is subject to approval by the OLCC and is expected to close in Q2 2022. As of March 31, 2022, no biological assets were transferred from Pistil Point to the Company. As noted in the Services and Offtake agreement, Halo has taken over management of day-to-day operations of Food Concepts LLC and related entities.

California

- In California, the Company has decided not to build out Ukiah Ventures, and is looking to dispose of the assets it owns;
- The Company intends to continue to leverage its relationships with cannabis cultivators from the Emerald Triangle a region in Northern California comprising Humboldt, Lake, Mendocino and Trinity Counties and is considered to be the largest cannabis-producing region in the U.S. As previously announced in September 2021, the Company partnered with Green Matter Holding Inc. ("Green Matter") to purchase 1,600 acres of farm property in Lake County, California (the "Farm"). The Farm was purchased by Lake County Natural Health LLC ("LCNH"), which is owned 50% by the Company's wholly owned indirect subsidiary, PSG Coastal Holdings LLC ("PSG") and 50% by Green Matter;

Triangle Canna Corp. (“Triangle Canna”) and a wholly owned subsidiary of Triangle Canna (the “Farm OpCo”) have received and paid for 271 provisional licenses from the California Department of Cannabis Control, the state regulator. Each license allows up to 10,000 square feet of canopy and implies state entitlements for 62.22 acres of canopy. Triangle is beginning the process of converting these to annual state licenses. Four additional licenses are in the process of being considered for annual licensure already, with a total of 275 licenses more to be converted. Additionally, the Farm has submitted an application to Lake County, California, for a local Major Use Permit to cultivate on the state approved acreage.

- LCNH and the Farm OpCo have entered into a commercial lease agreement (the "Lease") pursuant to which LCNH will lease to the Farm OpCo four separate parcels of property comprising the Farm, as well as certain buildings, structures, and improvements. The Company, through its subsidiary, Mendo Distribution and Transportation LLC (“MDT”), and Green Matter have entered into product purchase agreements with Farm OpCo pursuant to which MDT and Green Matter will each purchase 25% (for an aggregate of 50%) of Farm OpCo's yearly harvest.

Nevada

- In Nevada, the Company has historically collaborated with its Nevada operating partner, Just Quality LLC ("Just Quality"), on the manufacture and sale of cannabis extracts pursuant to a management agreement with Just Quality, which was originally intended to be in place pending the acquisition by the Company of Just Quality's Nevada cannabis licenses pursuant to an asset purchase agreement. Due to economic conditions effected by the COVID-19 Virus, Halo has made the strategic decision to exit the Nevada market. The Company and Just Quality will dissolve the joint venture and cease Nevada operations. The Company will return the licenses to Just Quality and Just Quality will return the shares received as consideration for the licenses to the Company.

Production (manufacturing)

The Company's core competency is the production (also referred to as manufacturing and extraction) of cannabis oil and concentrates for sale to retail businesses and wholesale distributors as finished consumer-packaged goods. The Company's CEO and President have been involved in cannabis manufacturing since 2013. The Company's philosophy with respect to the extraction and manufacturing of cannabis oils and concentrates is to be platform-agnostic, given the rapid evolution of technology and consumer preferences.

The Company has operated numerous extraction platforms (or methods) including utilizing butane, propane, hexane, ethanol, carbon dioxide and most recently solventless hash/rosin. The Company manufactures and sells a variety of products in the following categories: (i) concentrates – shatter, sauce, resin, and diamonds (THC-A crystals), hash and rosin; and (ii) oils – both in raw and distillated form in a variety of strains and flavors, as well as THC, CBD and blends. The Company packages and sells the oils primarily in glass cartridges and in glass jars. The Company also sells various edible products including single and multi-piece chews (Hush) and a syrup-based drink (Hush Sizzurp) in the state of Oregon and similar edible lines in California in 2022 through the Company's indirectly owned subsidiary, Outer Galactic Chocolates LLC ("OGC").

Oregon

- The Company's Oregon manufacturing facility is in Medford, Oregon. The facility has approximately 12,000 square feet of indoor manufacturing space, as well as an enclosed courtyard of approximately 7,200 square feet. Within the 12,000 square foot indoor facility, approximately 1,400 square feet is a segregated C1D1 explosive-proof room for volatile extraction. The Company has utilized all the extraction methods noted above in its Medford facility. During the COVID-19 pandemic, the Medford facility began to utilize advanced automated packaging equipment to reduce our reliance on human capital and further reduce production labor and overheads.

California

- In November 2018, the Company commenced manufacturing activities in California, where the Company currently maintains two facilities. The first facility, operated by the Company's wholly owned subsidiary, Coastal Harvest LLC ("Coastal Harvest"), is approximately 1,600 square feet with approximately 500 square feet dedicated for volatile extraction as a C1D1 explosive-proof room. Effective, April 22, 2022, the Company decided to cease operations at Coast Harvest to reduce expenditures and consolidate operations to MDT.

- Through its acquisition of MDT, the Company began to manage the operations of OGC, a Type N edibles manufacturer in California. In July 2020, the Company acquired the Type N license of OGC and its associated manufacturing space in order to launch its own edibles line in California. The 1,800 square foot space is adjacent to MDT, which also allows for additional space for packaging of its finished goods. Sales of the Company's edibles line commenced in California in September 2021. Halo has successfully converted the Type N manufacturing license into a Type 6 manufacturing license and has begun solventless hash and rosin production in conjunction with the acquisition of Nature's Best.

- At OGC, the company has begun offering white label services and is currently producing an average 240,000+ units of vape cartridges per quarter for dispensary and brand partners.

Distribution (wholesale)

During Q4 of 2021, concurrent with the acquisition and management agreement for Pistil Point (Food Concepts LLC) the Company relocated its licensed distribution business (wholesale) to Portland, Oregon. The Portland Distribution facility occupies 3,000 square feet of distribution space and allows for a 1- day SLA to 70% of the retail outlets in the state of Oregon. The company's wholesale licenses in Eugene (Winberry) and Medford (ANM) will now serve as cross dock locations, enabling Halo's distribution team to serve all regions of the state within two business days. Through MDT the Company packages its own products and provides white label services

Oregon

- The Company's distribution (wholesale) business in Oregon has expanded greatly in 2021 distributing for over 20 licensed brands and farms and to more than 500 cannabis retailers. The Company currently employs 10 salespeople that actively cover all regions of the state. Halo PDX Distribution currently has 10 employees in warehousing, distribution, and fulfilment along with seven full-time drivers and nine delivery vehicles.

California

- In California, the Company's products are packaged in Ukiah and distributed by MDT and NMC Organization, "Greenstone" NMC Organization has positioned the Company's products into more than 63 new stores and currently serves 200+ retail outlets in the state and continues to grow the companies direct to dispensary sales in California.

Retail (dispensaries)

The Company has developed and trademarked a retail brand named Budega™. Budega is inspired by the natural bounty of the land and the bold characters who make California, well California. Budega prides itself on curating the highest quality, locally sourced cannabis products for everyone who wants a healthier, happier life. It is grateful and humbled to make its favorite plant available to every community that needs a little more of the best the plant has to offer. Budega will sell a curated mix of the industry's best products including its own line of Budega branded products including flower, pre-rolls and vape cartridges.

Los Angeles dispensaries

Through the Company's acquisitions of controlling interests in ZXC11 LLC ("Westwood"), SDF11 LLC ("Hollywood"), and LKJ11 LLC ("North Hollywood"), the Company has received regulatory approval to open three dispensaries in Los Angeles, California. Halo plans to open the flagship stores in Hollywood in the second quarter of 2022 and Westwood adjacent to Beverly Hills by the third quarter of 2022. The third location opened on March 14, 2022 in North Hollywood. These stores will increase distribution and market awareness of Halo Collective's proprietary brands and products in California.

- Westwood: Halo was recently approved for an ownership change and has received final approval for the Westwood site. As the site has already been approved by the City of Los Angeles and Halo signed a lease, the Company has moved forward with construction plans and has completed more than fifty percent of the build out. The Company obtained a mural permit with the neighborhood council and a local artist has completed the exterior design. An application with the Department of Cannabis Control for state licensure has been initiated. The Westwood store is expected to open Memorial Day weekend of 2022.

- Hollywood: The City of Los Angeles granted approval on the site change and the Company has moved from the lease contingency period with the landlord and locked in a long-term lease. Building plans were submitted and approved and the site is currently under construction. The Company obtained a mural permit with the neighborhood council and a local artist has completed the exterior design. In addition, application for change in ownership was submitted to the City of

Los Angeles. In a parallel path, an application with the Department of Cannabis Control for state licensure was initiated. The store is expected to open in the second or third quarter of 2022.

- North Hollywood: The DCR has already approved an ownership change for Halo's stake in LKJ11 the winning applicant in this community plan. The Company has obtained necessary regulatory approval at the original site tied to LKJ11's application. The Company plans to identify a suitable site to move the license within the community plan to accommodate a larger retail and delivery footprint in the longer term. The store at the original site opened in March 2022.

Alberta dispensaries

- On July 15, 2021, the Company announced the closing of the acquisition of three operating retail cannabis stores in the province of Alberta. The stores operate in Camrose, Morinville, and Medicine Hat. From acquisition in July 2021 through July of 2022 the company has signed a management services agreement while they establish their retail infrastructure. As of current, the Company has built an internal team of experts who continue to build process and expect to regain operational control of these assets at the expiration of the services agreement. The Company has plans to rebrand the Canadian assets to align with its US operating retail entities. They expect a positive community reception to the alignment of their US retail assets.

Halo Tek

On April 1, 2021, the Company announced a plan to pursue a spin-off of certain of its software, device and intellectual property assets into a standalone company named Halo Tek Inc. (" Halo Tek ").

Halo Tek was incorporated by Halo on March 29, 2021, for the purpose of completing a distribution of capital to shareholders of Halo. Halo will effect a reorganization pursuant to which it will transfer to Halo Tek all of the outstanding shares of the subsidiaries described below and cash. The result of the reorganization will be that Halo Tek will be a wholly owned subsidiary of Halo until the completion of the distribution of capital. The subsidiaries will be wholly owned subsidiaries of Halo Tek and will be held by Halo Tek rather than by Halo.

On April 28, 2022, the Company filed a preliminary long form prospectus with the securities regulatory authorities in 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 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").

Halo Tek is a software, device, and intellectual property company, which, following the completion of the reorganization, will fully own all of the assets and intellectual property associated with the subsidiaries. The assets attributable to the subsidiaries are intangible assets in relation to software and intellectual property that were acquired by Halo.

The subsidiaries are:

- Halo DispensaryTrack Software Inc.
- Halo AccuDab Holdings Inc.
- Halo Cannalift Delivery Inc.

- Halo Nasalbinoid Natural Devices Corp.
- 1265292 B.C. Ltd. (d/b/a Cannafeels)
- 1275111 B.C. Ltd.

DispensaryTrack is a cloud-based point-of-sale solution that offers retailers tools including inventory management, retail store management, cash drawer control, payment processing, purchase order management, customer profile access, accounting software integration and integration with point-of-sale hardware such as barcode scanner or receipt printer tools. DispensaryTrack will offer a fully integrated, e-commerce platform that allows retailers to manage in-store and online inventory, have a single view of customers and analyze multi-channel sales data.

The retail point-of-sale system offers multi-store capabilities such as inventory sync across all locations, while mobile extensions mean that associates can check on inventory and conduct sales from anywhere in the store via iPad. The retail point-of-sale solution offers inventory management tools which enable users to create, track and assign serial numbers to products as well as create product variations such as size, color and material using a matrix system. DispensaryTrack also offers some customer service features such as profiles, sales history logs, and customer insights. The application is being designed to be used on a smartphone or tablet and is expected to be available on the Apple and Android app stores for an ongoing monthly service fee.

AccuDab Holdings owns the intellectual property related to and is focused on the development of the AccuDab Pen. The AccuDab Pen takes the form of a discrete pen that will allow users to pre-select doses of measured THC or CBD in 0.1 mL increments from 0.01 mL to 0.60 mL for sublingual consumption; a level of accuracy that is unmatched in the cannabis industry. Through the convenient dial selection mechanism, the AccuDab Pen allows for precise dispensing of THC or CBD products to meet the consumer's specific dosing needs. The AccuDab Pen enables healthcare professionals to improve patient treatment through accurate dosing. As a result of more accurate dosing, healthcare professionals can more easily recognize potentially harmful drug interactions. Competitor products on the market use a simple drop system that can vary user to user making it difficult to track drug dosing in a medical environment.

Sublingual consumption of THC and CBD can be compared to inhalation in terms of bioavailability because, as in the case of absorption in the lungs, absorption from the mucous membrane under the tongue allows for the THC and CBD molecules to enter the bloodstream relatively fast and in an unmetabolized form. Studies performed by GW Pharmaceuticals, plc showed that concentrations of THC and CBD in the blood plasma following sublingual consumption were comparable to inhalation and can also be considered more consumer friendly as it removes unwanted side effects such as coughing that accompanies inhalation.

The AccuDab Pen's dial and push mechanism was designed by healthcare providers for custom cartridges and is reusable. While Halo Tek intends to sell the hardware for the AccuDab Pen, it is expected that it will work with licensed processors and manufacturers to produce re-fillable cartridges, which will not be sold directly by AccuDab Holdings or Halo Tek. The AccuDab Pen is also re-fillable, meaning that consumers can choose to fill the product with their own choice of THC or CBD concentrate.

Cannalift is a web-based delivery application that, once developed, will provide consumers with a convenient method of obtaining cannabis products from their local dispensaries. Subject to local regulations in Canada, the application will enable customers to electronically interact with dispensaries, thereby reducing wait times and improving customer experience. The application is being designed to be used on a smartphone or tablet. Cannalift will not stock any cannabis supply, but rather act as an intermediary between dispensaries and consumers. Consumers will order through the Cannalift application which will connect the dispensary to the consumer and a dispensary affiliated or third-party service to deliver the product. The application is expected to offer up-to-date supply inventory from partnering dispensaries, allowing customers to accurately find their desired products. The Cannalift application enables users to connect through the platform to vendors that provide the service in the users' geographic area, resulting in an unparalleled user ability to search for their ideal product without having to canvas different businesses for the particular product.

Nasalbinoid is focused on the development of personal nasal inhalers infused with CBD oil, while plans include THC formulations. Nasal inhalation is the newest method of consumption in the cannabis market and differs greatly from the smoking and vaporizing verticals. Nasalbinoid used the expertise of organic chemists to develop a product line that can provide a dose of CBD without irritating the sensitive nasal lining of the nose. Halo Tek intends to sell the hardware for the Nasalbinoid inhaler but does not expect to produce or sell consumable product for use with the inhaler. Nasalbinoid is designed to be used with CBD oil and does not require the consumer to buy custom cartridges or capsules.

Cannafeels is an online database that helps cannabis consumers discover new strains and track their purchasing history to aid both new and previous users in selecting the right strain for their intended use. Cannafeels' mission is to demystify cannabis for users. The Cannafeels application gathers consumer and institutional backed data to help establish best practice insight and connect consumers with effective options for their individual needs. The Cannafeels application helps users navigate through CBD, THC, terpene, and cannabinoid profiles to provide three (3) strain options determined by whether the consumer requires a recreational or medicinal benefit. Additionally, the application provides subcategories which allow for further choices such as energy, relaxation, pain, or nausea. The Cannafeels application suggests the most effective strain, administration method and dose. Cannafeels collects and uses consumer selection habits and strain profiles and helps make tailored recommendations based on consumer needs. Cannafeels helps users discover different strains offered by licensed producers and, in the future, may allow targeted strain advertising based on user selection. Cannafeels allows users to track their sessions to determine the effect of the strain, whether there are any noticeable benefits and how they are feeling. The user can register, allowing the application to collect and store user data; alternatively, a session may be started without registration. Consumer data is recorded to better understand user experience with strains, producing insights that can be sold back to licensed producers and educational institutes. The strain database will be based on data provided by licensed producers and users will have the option to add strains themselves when not available on the platform.

Cannafeels will look to develop an application that can be used to link patients with physicians for untreated medical conditions. Cannafeels will enable physicians to make real life recommendations to patients based on user generated data collected through the application.

1275111 is a Vancouver-based company that has developed a patent pending technology for cannabinoid filtration and purification technology, which Halo Tek intends to license to third party manufacturers and processors of cannabis products.

Specialized Skill and Knowledge

Halo Tek utilizes a centralized hub and spoke management system that accommodates the technologies and their corresponding divisions. The management team is core and addresses each business vertical on its development, intellectual property, marketing, production, and supply chain. Rather than using six (6) different teams, one for each division, Halo Tek maintains a single team.

Halo Tek outsources the implementation and maintenance of technology. Halo Tek has engaged with a contractor who, once hired, will sub-contract further with programmers and developers to roll out websites and mobile applications. The contractor is a technology firm for global clients specializing in state-of-the-art end-to-end design solutions in the domain of software engineering, machine learning, and managed information technology services. Its seasoned technology experts include software engineers (backend, frontend and mobile), solutions architects, data scientists, and business intelligence. The contractor is the technical and engineering partner for Halo Tek's core businesses.

The contractor’s services include an e-commerce management platform that manages numerous products and listings with minimal overhead or costs. The contractor company will provide the online marketing funnel as follows: on-board product, digital content production, platform listings, account management, reporting and data insights and traffic flow optimizations.

The contractor will provide bespoke web development and digital media. The contractor company will subcontract the development of websites and mobile applications.

Marketing and Sales/Distribution Channels

Initially, Halo Tek expects to focus on the roll-out of the websites and applications associated with Cannalift, Cannafeels and DispensaryTrack, and the AccuDab Pen and Nasalbinoid inhaler in the California and Oregon markets, with an expected larger eventual roll-out in additional states and Canada.

To date, Halo Tek has not commenced sales or revenue generating operations. Halo Tek has created the infrastructure for:

- sales and marketing for each of the subsidiaries with individual budgets managed at the corporate level;
- client relationships with dispensaries; and
- management and development of mobile applications and websites.

The following are key strategies for targeting and distributing Halo Tek's products and services:

- developing Halo Tek's e-commerce website, where products will be offered for sale to customers in the United States and Canada. Products will also be featured and advertised through the mobile application and linked for direct purchase via the e-commerce website. The e-commerce platform is expected to launch in August 2022, with the ability to fulfil direct sales to the United States and Canada;

- Halo Tek is working to establish and develop retail distribution agreements with dispensaries in the United States through Halo's network and will seek to establish retail distribution networks in Canada. Halo Tek will seek to gain market exposure and brand awareness. Halo Tek is affiliated with cannabis industry leaders and their professional networks within the cannabis industry. Promotions through established cannabis connoisseurs, reputable producers and leading cannabis retailers will help push growth through word-of-mouth;

- to drive revenue and awareness, Halo Tek plans to deploy a data-driven digital marketing strategy to promote the mobile applications, using a multi-layered and multi-channel approach, through social media, search, and the dispensary network, and;

- the product marketing program includes plans to engage in targeted advertising, influencer marketing and social media marketing. Additionally, Halo Tek intends to drive marketing campaigns through a variety of channels including targeted promotions and business development efforts; and

- Halo Tek will utilize the numerous trade shows that occur on a quarterly basis to meet new potential cannabis retailers and customers. Examples of trade shows are Lift & Co. Cannabis Expo, O'Cannabiz and The Cannabis Cup. By attending trade shows in different geographic locations, Halo Tek can further develop its expansion plan.

<u>Intangible Properties</u>

Halo Tek’s trade secrets are its most valuable intangible assets and are at the centre of Halo Tek’s intellectual property strategy. Halo Tek’s trade secrets are further protected because of copyright and trademark applications in connection with Halo Tek’s public facing products and services.

Trade secrets

Trade secret protection enables Halo Tek to protect its competitive advantage and to leverage intangible assets to advance a platform business model that connects diverse market participants to consumers. Halo Tek’s trade secrets primarily include the software coding of the mobile applications for Cannafeels, Cannalift, DispensaryTrack, and SEO.

Patent protection

1275111 has submitted a patent application for its filtration and purification technology. 1275111’s patent will serve as further protection of its intellectual property assets. The patent application was filed on December 17, 2021, and is pending.

Copyright

Halo Tek intends to copyright the mobile application branding of Cannafeels, Cannalift and DispensaryTrack, the user interface/user experience, design, related marketing content and functionality. Halo Tek has not yet submitted applications for copyright protection.

Trademark registration

Halo Tek intends to apply for trademark protection of product and service names and potentially other go-to-market naming conventions with partners and other market participants, particularly in connection with Cannafeels, Cannalift, DispensaryTrack, AccuDab and Nasalbinoid. Trademarks are market facing and are intended to designate the origin of the product and service being offered. Halo Tek may enter into commercial agreements to display their trademarks on third party products or services. Halo Tek has not yet submitted applications for trademark registration.

Akanda

On July 30, 2021, Akanda announced the engagement of Boustead Securities, LLC as Akanda's exclusive financial advisor to explore financing and acquisition opportunities as it seeked to scale the African cultivation assets it is proposing to acquire from Halo Collective Inc. Boustead Securities is an investment banking firm that advises clients on capital raises, mergers and acquisitions, and restructuring assignments in a wide array of industries and circumstances, including in the cannabis sector.

- Akanda plans to combine the scaled production capabilities of Bophelo, a Lesotho -based cultivation and processing campus, located in the world's first Special Economic Zone (SEZ) containing a cannabis growth operation, with distribution and route-to-market through Canmart, a UK-based fully approved pharmaceutical importer and distributor which supplies pharmacies and clinics within the UK;
- Prior to the completion of the sale of Bophelo and Canmart to Akanda (the "Transaction"), Akanda completed an internal reorganization, pursuant to which each Bophelo and Canmart became, directly or indirectly, wholly owned subsidiaries of Cannaheath Limited ("Cannahealth"), which will be a direct wholly owned subsidiary of Akanda (the "Reorganization"). In accordance with the terms of the agreement, Halo Collective exchanged 100% of the issued and outstanding shares of Cannahealth to Akanda in exchange for 13,129,212 common shares in the capital of Akanda, representing aggregate consideration of US$13,129,212, which is equal to Halo's book value of Bophelo and Canmart;
- Halo funded Bophelo and Canmart for an amount of approximately $6.6 million, which was converted into Akanda shares at the time of the listing of Akanda Corp. on the NASDAQ.
- On March 14, 2022, Akanda completed its initial public offering of 4,000,000 common shares at a price of $4.00 per share to the public for a total of $16,000,000 of gross proceeds to Akanda (the "Offering"), prior to deducting underwriting discounts, commissions, and other Offering expenses.

- 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.

Overall performance

The following table summarizes the Company's results of operations for the period indicated:

Summary condensed interim consolidated statement of income - expressed in US dollars

	For the 3 months ended:	
	March 31, 2022	***March 31, 2021***
Revenue	**$ 7,562,125**	$ 9,939,103
Reported gross profit	**1,247,116**	1,955,776
Gross margin	**16.5%**	19.7%
Unrealized fair value (gain) loss on growth of biological assets	**-**	(167,111)
Realized fair value (gain) loss included in the cost of inventory sold	**166,753**	411,905
Gross profit excluding biological assets and impairments	**1,413,869**	2,200,570
Gross margin	**18.7%**	22.1%
Net loss	**(13,784,988)**	(9,067,681)
Net comprehensive loss	**(13,152,671)**	(8,570,121)
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

- Revenues in the three months ended March 31, 2022 were $7,562,125 net of inter-company eliminations, compared to $9,939,103 in the three months ended March 31, 2021, a 23.9% decrease.
- Total sales were 4,744,642 grams (three months ended March 31, 2021: 5,729,257 grams), a 17.2% decrease. Flower sales decreased by 21.0% to 929,893 grams (three months ended March 31, 2021: 1,176,591 grams), sales of pre-rolls increased by 253.9% to 646,980 grams (three months ended March 31, 2021: 182,822 grams), no trim and fresh frozen sales (three months ended March 31, 2021: Nil grams), oils and extract sales decreased by 51.1% to 1,261,930 grams (three months ended March 31, 2021: 2,580,153 grams) and edibles sales decreased by 17.9% to 128,607 grams (three months ended March 31, 2021: 157,769 grams);
- ANM reported revenues of $6,413,836 for the three months ended March 31, 2022 (three months ended March 31, 2021: $4,418,547), an 45.2% increase. MDT reported revenues of $2,152,788 for the three months ended March 31, 2022 (three months ended March 31, 2021: $1,913,929), an 12.5% increase. Coastal Harvest reported revenues of $791,729 for the three months ended March 31, 2022 (three months ended March 31, 2021: $196,299), an 303.3% increase. Halo Winberry reported revenues of $605,934 for the three months ended March 31, 2022 (three months ended March 31, 2021: $3,410,328), an 82.4% decrease. Kushbar added revenues of

$637,583 in the three months ended March 31, 2022. Kushbar was consolidated in July of 2021. Halo PDX added revenues of $3,664,002 in the three months ended March 31, 2022. Halo PDX was consolidated in January of 2022. LKJ11 added revenues of $32,797 in the three months ended March 31, 2022. LKJ11 started operation in March of 2022;

- The Company reported a gross profit of $1,247,116 (three months ended March 31, 2021: gross profit $1,955,776). Adjusted for the loss on biological assets of $166,753 included in the costs of goods sold, the gross profit was $1,413,869 (three months ended March 31, 2021: gross profit $2,200,570);

- The reported gross margin was 16.5% (three months ended March 31, 2021: 19.7%). Adjusted for gains and losses on the value of biological assets charged to the cost of goods sold, the gross margin was 18.7% (three months ended March 31, 2021: 22.1%);

- In the three months ended March 31, 2022, the loss before interest, tax, depreciation & amortization and adjusted for non-cash items ("adjusted EBITDA[1]") was $3,904,287 (three months ended March 31, 2021; loss $6,032,070). Operating expenditures were $10,625,660 (three months ended March 31, 2021: $9,342,398);

- In the three months ended March 31, 2022, the Company raised $9,236,644 from debt financing, and $1,641,968 from convertible debentures. Net of a reduction in lease obligations, total capital raised was $10,389,746 (three months ended March 31, 2021: $15,902,657). Cash inflow was $135,443 in the three months ended March 31, 2022 (three months ended March 31, 2021: cash inflow $7,571,540);

- As of March 31, 2022, the Company had unrestricted cash available in the amount of $1,889,494 and a working capital surplus of $11,983,858.

[1] Adjusted EBITDA is a non-IFRS financial measure. Please refer to the section entitled "Reconciliation of Non-GAAP Financial Measures".

Results of operations for the three months ended March 31, 2022

Selected financial information - 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	**6,148,256**	7,738,533
Gross profit ex change in FV biological assets	**1,413,869**	2,200,570
Unrealized fair value (gain) loss on growth of biological assets	**-**	(167,111)
Realized fair value (gain) loss included in the cost of inventory sold	**166,753**	411,905
Gross profit	**1,247,116**	1,955,776
Net loss	**(13,784,988)**	(9,067,681)
Net comprehensive loss	**(13,152,671)**	(8,570,121)
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
Total assets	**117,737,829**	133,903,098
Long-term financial liabilities	**13,069,882**	20,147,988

The following section provides details of the Company's financial performance for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The Company's Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as are issued by the International Accounting Standards Board ("IASB"). The information in this MD&A is presented on the same basis as the Condensed Interim Consolidated Financial Statements and should be read in conjunction with the Condensed Interim Consolidated Financial Statements and the accompanying notes.

Revenue

Revenues in the three months ended March 31, of 2022 were $7,562,125 compared to $9,939,103 in the three months ended March 31, 2021, a 23.9% decrease.

KPI's

	Flower		Pre-rolls		Trim & fresh frozen		Oils & extracts		Edibles	
	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price
Q1 2021	1,176,591	$ 1.53	182,822	$ 5.31	-	$ -	2,580,153	$ 2.49	157,769	$ 4.75
Q4 2021	1,525,764	$ 0.90	171,756	$ 4.31	6,930,106	$ 0.05	1,164,698	$ 5.26	114,852	$ 1.48
Q1 2022	929,893	$ 1.56	646,980	$ 1.34	-	$ -	1,261,930	$ 5.88	129,607	$ 1.66
Change YoY	-21.0%	1.7%	253.9%	-74.7%	N/A	N/A	-51.1%	136.6%	-17.9%	-65.0%
Change QoQ	-39.1%	72.3%	276.7%	-68.9%	-100.0%	-100.0%	8.3%	11.9%	12.8%	12.8%

Expressed in US dollars

Total sales were 4,744,642 grams (three months ended March 31, 2021: 5,729,257 grams), a 17.2% decrease. Flower sales decreased by 21.0% to 929,893 grams (three months ended March 31, 2021: 1,176,591 grams), sales of pre-rolls increased by 253.9% to 646,980 grams (three months ended March 31, 2021: 182,822 grams), no trim and fresh frozen sales (three months ended March 31, 2021: Nil grams), oils and extract sales decreased by 51.1% to 1,261,930 grams (three months ended March 31, 2021: 2,580,153 grams) and edibles sales decreased by 17.9% to 128,607 grams (three months ended March 31, 2021: 157,769 grams).

ANM reported revenues of $6,413,836 for the three months ended March 31, 2022 (three months ended March 31, 2021: $4,418,547), an 45.2% increase. MDT reported revenues of $2,152,788 for the three months ended March 31, 2022 (three months ended March 31, 2021: $1,913,929), an 12.5% increase. Coastal Harvest reported revenues of $791,729 for the three months ended March 31, 2022 (three months ended March 31, 2021: $196,299), an 303.3% increase. Halo Winberry reported revenues of $605,934 for the three months ended March 31, 2022 (three months ended March 31, 2021: $3,410,328), an 82.4% decrease. Kushbar added revenues of $637,583 in the three months ended March 31, 2022. Kushbar was consolidated in July of 2021. Halo PDX added revenues of $3,664,002 in the three months ended March 31, 2022. Halo PDX was consolidated in January of 2022. LKJ11 added revenues of $32,797 in the three months ended March 31, 2022. LKJ11 started operation in March of 2022.

ANM - Three months ended March 31, 2022

	Flower		Pre-rolls		Trim & fresh frozen		Oils & extracts		Edibles	
	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price
Q1 2021	705,970	$ 1.24	98,038	$ 2.06	-	$ -	396,511	6.99	119,901	$ 4.94
Q4 2021	504,233	$ 0.72	96,451	$ 1.85	-	$ -	280,674	6.46	41,410	$ 2.17
Q1 2022	716,142	$ 1.76	571,199	$ 1.15	-	$ -	772,478	5.62	71,161	$ 2.23
Change YoY	1.4%	41.8%	482.6%	-44.0%	N/A	N/A	94.8%	-19.7%	-40.7%	-54.8%
Change QoQ	42.0%	144.2%	492.2%	-37.6%	N/A	N/A	175.2%	-13.0%	71.8%	2.9%

In the three months ended March 31, 2022, ANM, the facility in Oregon, sold 2,130,980 grams of oil and extracts, flower, pre-rolls, and edibles (three months ended March 31, 2021: 1,320,420 grams), a 61.4% increase. Sales of oils and extracts were 772,478 grams (three months ended March 31, 2021: 396,511 grams), a 94.8% increase. The wholesale price of oils and extracts decreased by 19.7% to $5.62 per gram (three months ended March 31, 2021: $6.99 per gram). Sales of edibles were 71,161 grams (three months ended March 31, 2021: 119,901 grams), a 40.7% decrease. The wholesale price of edibles decreased by 54.8% to $2.23 per gram (three months ended March 31, 2021: $4.94 per gram). Flower sales in the three months ended March 31, 2022, were 716,142 grams (three months ended March 31, 2021: 705,970 grams), a 1.4% increase. The wholesale price of flower increased by 41.8% to $1.76 per gram (three months ended March 31, 2021: $1.24 per gram). Pre-roll sales were 571,199 grams (three months ended March 31, 2021: 98,038 grams), a 482.6% increase. The wholesale price of pre-rolls decreased by 44.0% to $1.15 per gram (three months ended March 31, 2021: $2.06 per gram). There were no trim and fresh frozen sales in the period under review.

Expressed in US dollars

Winberry - Three months ended March 31, 2022

	Flower		Pre-rolls		Trim & fresh frozen		Oils & extracts		Edibles	
	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price
Q1 2021	470,621	$ 1.69	62,669	$ 9.45	-	$ -	2,030,424	$ 0.93	19,827	$ 3.23
Q4 2021	995,118	$ 0.76	67,486	$ 7.74	-	$ -	582,269	$ 2.29	60,683	$ 0.51
Q1 2022	194,421	$ 0.73	47,758	$ 2.65	-	$ -	230,839	$ 1.40	40,018	$ 0.27
Change YoY	-58.7%	-56.7%	-23.8%	-72.0%	N/A	N/A	-88.6%	49.5%	101.8%	-91.7%
Change QoQ	-80.5%	-3.7%	-29.2%	-65.8%	N/A	N/A	-60.4%	-39.2%	-34.1%	-47.1%

In the three months ended March 31, 2022, Halo Winberry sold 513,036 grams of flower, pre-rolls, oil and extracts and edibles (three months ended March 31, 2021: 3,028,837 grams), a 83.1% decrease. Sales of oils and extracts were 230,839 grams (three months ended March 31, 2021: 2,030,424 grams), a 88.6% decrease. The wholesale price of oils and extracts increased by 49.5% to $1.40 per gram (three months ended March 31, 2021: $0.93 per gram). Sales of edibles were 40,018 grams (three months ended March 31, 2021: 19,827 grams), a 101.8% increase. The wholesale price of edibles decreased by 91.7% to $0.27 per gram (three months ended March 31, 2021: $3.23 per gram). Flower sales in the three months ended March 31, 2022, were 194,421 grams (three months ended March 31, 2021: 470,621 grams), a 58.7% decrease. The wholesale price of flower decreased by 56.7% to $0.73 per gram (three months ended March 31, 2021: $1.69 per gram). Pre-roll sales were 47,758 grams (three months ended March 31, 2021: 62,669 grams), a 23.8% decrease. The wholesale price of pre-rolls decreased by 72.0% to $2.65 per gram (three months ended March 31, 2021: $9.45 per gram). There were no trim and fresh frozen sales in the period under review.

MDT - Three months ended March 31, 2022

	Flower		Pre-rolls		Trim & fresh frozen		Oils & extracts		Edibles	
	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price
Q1 2021	-	$ -	22,115	$ 7.95	-	$ -	153,218	$ 10.91	18,041	$ 5.15
Q4 2021	26,413	$ 9.77	7,819	$ 5.16	6,930,106	$ 0.05	301,755	$ 6.76	12,759	$ 3.81
Q1 2022	19,331	$ 2.32	28,023	$ 2.96	-	$ -	258,613	$ 7.60	18,428	$ 2.49
Change YoY	N/A	N/A	26.7%	-62.7%	N/A	N/A	68.8%	-30.3%	2.1%	-51.7%
Change QoQ	-26.8%	-76.3%	258.4%	-42.6%	-100.0%	-100.0%	-14.3%	12.5%	44.4%	-34.7%

In the three months ended March 31, 2022, MDT, the facility in Ukiah, sold 324,394 grams of distillate, live resin, gummies and pre-rolls (three months ended March 31, 2021: 193,374 grams), a 67.8% increase. MDT sold 19,331 grams of premium flower (three months ended March 31, 2021: Nil) at an average price of $2.32 per gram, 28,023 grams of pre-rolls (three months ended March 31, 2021: 22,115 grams) at a price of $2.96 (three months ended March 31, 2021: $7.95 per gram), 258,613 grams of oils and extracts (three months ended March 31, 2021: 153,218 grams) at a price of $7.60 (three months ended March 31, 2021: $10.91 gram) and 18,428 grams of concentrates in edibles (three months ended March 31, 2021: 18,041 grams) at a price of $2.49 (three months ended March 31, 2021: $5.15 per gram). There were no trim and fresh frozen sales in the period under review.

Expressed in US dollars

Cathedral City - Three months ended March 31, 2022

	Flower		Pre-rolls		Trim & fresh frozen		Oils & extracts		Edibles	
	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price
Q1 2021	1,160,215	$ 0.11	-	$ -	-	$ -	26,410	$ 2.78	-	$ -
Q4 2021	-	$ -	-	$ -	-	$ -	340,217	$ 2.75	-	$ -
Q1 2022	-	$ -	-	$ -	-	$ -	434,615	$ 1.82	-	$ -
Change YoY	-100.0%	-100.00%	N/A	N/A	N/A	N/A	1545.6%	-34.42%	N/A	N/A
Change QoQ	#DIV/0!	#DIV/0!	N/A	N/A	N/A	N/A	27.7%	-33.8%	N/A	N/A

In the three months ended March 31, 2022, the facility in Coastal Harvest sold 434,615 grams of distillate and live resin (three months ended March 31, 2021: 1,186,625 grams) at a price of $1.82 (three months ended March 31, 2021: $0.17 per gram. No flower sales in the three months ended March 31, 2022 (three months ended March 31, 2021: 1,160,215 grams).

Halo-PDX - Three months ended March 31, 2022

	Flower		Pre-rolls		Trim & fresh frozen		Oils & extracts		Edibles	
	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price
Q1 2022	804,560	$ 0.79	213,330	$ 2.25	-	$ -	321,888	$ 7.67	1,839	$ 47.07

Halo PDX is a new distribution company in Oregon sales started in January 2022. In the three months ended March 31, 2022, Halo PDX sold 1,341,617 grams of flower, pre-rolls, oil and extracts and edibles. In the three months ended March 31, 2022, flower sales were 804,560 grams at a price of $0.79 per gram, pre-roll sales were 213,330 grams at a price of $2.25 per gram, oils and extract sales were 321,888 grams at a price of $7.67 per gram, and edibles sales were 1,839 grams at a price of $47.07 per gram. There were no trim and fresh frozen sales in the period under review.

Gross profit and cost of goods sold

The cost of finished cannabis inventory sold was $6,148,256 in the three months ended March 31, 2022 (three months ended March 31, 2021: $7,738,533). The realized and unrealized loss in the value of biological assets was a loss of $166,753 in the three months ended March 31, 2022 (three months ended March 31, 2021: loss of $244,794). Impairments included in cost of goods sold were Nil in the three months ended March 31, 2022 (three months ended March 31, 2021: impairment Nil).

The Company reported a gross profit of $1,247,116 (three months ended March 31, 2021: profit $1,955,776). The difference is pre-dominantly explained by the loss on the value of biological assets in the three months ended March 31, 2021, in comparison with the loss in the three months ended March 31, 2022. In addition, the achieved margin was lower in the three months ended March 31, 2022, in comparison with the three months ended March 31, 2021. Adjusted for the loss on biological assets and impairments included in the costs of goods sold, the gross profit was $1,413,869 (three months ended March 31, 2021: gross profit $2,200,570).

The reported gross margin was 16.5% (three months ended March 31, 2021: 19.7%). Adjusted for gains and losses on the value of biological assets charged to the cost of goods sold, the gross margin was 18.7% (three months ended March 31, 2021: 22.1%).

Trim

	Yield	Trim Volume	Price
Q1 2021	10.6%	22,309	$ 54
Q4 2021	12.4%	22,151	$ 58
Q1 2022	11.8%	37,753	$ 47
Change YoY	11.5%	69.2%	-11.5%
Change QoQ	-4.7%	70.4%	-18.3%

The trim run was 37,753 pounds at a yield of 11.8%, compared with a run of 22,309 pounds and a yield of 10.6 in the three months ended March 31, 2021. Trim, raw material input for extracts and oils, sold at $47 per pound compared with $54 per pound in the three months ended March 31, 2021.The 11.5% decrease in the price of trim was further supported by a 11.5% improvement in the yield. Trim is used at ANM's manufacturing facility. The average price of oils and extracts decreased by 19.7% to $5.62 per gram (three months ended March 31, 2021: $6.99 per gram). The improvement in yield and the decrease in the price of trim more than offset the price decrease in oils and extracts.

Selected financial information by region – expressed in US dollars

Disclosure by Region - three months ending March 31, 2021

	Oregon	California	US Others	Kushbar	Others	Corporate	Total
Revenue	$ 7,828,876	$ 2,110,227	$ -	$ -	$ -	$ -	**$ 9,939,103**
Cost of Cannabis inventory sold	5,974,447	1,576,579	173,676	-	13,831	-	**7,738,533**
Gross profit excluding FV changes	1,854,429	533,648	(173,676)	-	(13,831)	-	**2,200,570**
Realized and unrealized (gain) loss on biological assets	411,905	-	-	-	(167,111)	-	**244,794**
Gross profit (loss)	1,442,524	533,648	(173,676)	-	153,280	-	**1,955,776**
Gross margin	18.4%	25.3%	-100.0%	0.0%	-100.0%	0.0%	**19.7%**
Net loss	(1,219,858)	(308,824)	(905,808)	-	(320,327)	(6,312,864)	**(9,067,681)**
Adjusted EBITDA	(405,636)	(248,246)	(486,964)	-	(310,192)	(4,581,032)	**(6,032,070)**
Total assets	16,885,596	5,902,467	35,854,502	-	30,796,433	44,464,100	**133,903,098**
Long-term financial liabilities	$ 1,509,280	$ 377,068	$ 6,212,615	$ -	$ 3,066,000	$ 8,983,025	**$ 20,147,988**

Disclosure by Region - three months ending March 31, 2022

	Oregon	California	US Others	Kushbar	Others	Corporate	Total
Revenue	$ 4,867,944	$ 2,023,801	$ 32,797	$ 637,583	$ -	$ -	**$ 7,562,125**
Cost of Cannabis inventory sold	4,029,159	1,617,243	69,294	432,560	-	-	**6,148,256**
Gross profit excluding FV changes	838,785	406,558	(36,497)	205,023	-	-	**1,413,869**
Realized and unrealized (gain) loss on biological assets	166,753	-	-	-	-	-	**166,753**
Gross profit (loss)	672,032	406,558	(36,497)	205,023	-	-	**1,247,116**
Gross margin	13.8%	20.1%	-111.3%	32.2%	0.0%	0.0%	**16.5%**
Net loss	(1,187,686)	(105,162)	(1,247,996)	(43,112)	(55,803)	(11,145,229)	**(13,784,988)**
Adjusted EBITDA	(511,907)	103,015	(850,163)	1,678	(55,803)	(2,591,107)	**(3,904,287)**
Total assets	27,549,637	9,959,380	20,743,286	4,133,762	18,764,757	36,587,007	**117,737,829**
Long-term financial liabilities	$ 2,277,449	$ 124,490	$ 3,595,415	$ 434,512	$ -	$ 6,638,016	**$ 13,069,882**

Operating expenses

Operating expenses - expressed in US dollars		
	For the 3 months ended:	
	March 31, 2022	***March 31, 2021***
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 contigencies	**(16,204)**	-
Share-based compensation	**645,786**	829,236
Total operating expenses	**$ 10,625,660**	$ 9,342,398

The table sets forth operating expenses for the three months ended March 31, 2022, and 2021. In the three months ended March 31, 2022, operating expenses increased to $10,625,660 (three months ended March 31, 2021: $9,342,398).

To reduce the cash burn, there has been a drive to reduce overhead expenses at the corporate center.

- In the three months ended March 31, 2022, G&A expenses increased by 4.9% to $1,697,304 (three months ended March 31, 2021: $1,617,792). The larger amounts included G&A of $564,063 at corporate, $378,287 at ANM, $262,468 at HLO Peripherals, and $110,030 at LKJ11;
- In the three months ended March 31, 2022, salaries increased by 72.3% to $3,431,806 (three months ended March 31, 2021: $1,991,485). For the three months ended March 31, 2022, salaries at corporate were $2,615,013, of which $473,482 were paid in shares;
- In the three months ended March 31, 2022, professional expenses increased by 28.6% to $3,780,067 (three months ended March 31, 2021: $2,939,023). For the three months ended March 31, 2022, corporate professional fees were $3,439,855 included corporate legal fees of $494,859, other professional fees of $152,443 and consulting fees of $2,792,553, of which $2,244,973 were paid in shares;
- In the three months ended March 31, 2022, sales and marketing expenses decreased by 34.7% to 983,764 (three months ended March 31, 2021: $1,507,386).
- In the three months ended March 31, 2022, investor relations expenditure was $103,137 (three months ended March 31, 2021: $457,476);
- In the three months ended March 31, 2022, the gain on settlements and contingencies was $16,204 (three months ended March 31, 2021: Nil). They constitute the difference between fair market value and deemed value on share-based payments to staff, executives, directors, and consultants; and

- In the three months ended March 31, 2022, share-based compensation was $645,786 (three months ended March 31, 2021: $829,236). They constitute the share-based compensation to staff, executives, and directors. It is a non-cash item.

Summary of quarterly results

Summary of quarterly results

For three months to:	**Jun-20**	**Sep-20**	**Dec-20**	**Mar-21**	**Jun-21**	**Sep-21**	**Dec-21**	**Mar-22**
Revenue	$ 5,242,961	$ 6,829,782	$ 5,119,611	$ 9,939,103	$ 9,135,887	$ 8,738,964	$ 8,365,976	$ 7,562,125
Cost of Cannabis inventory sold	4,091,160	4,675,810	5,508,948	7,738,533	6,595,342	6,996,419	9,529,934	6,148,256
Gross profit excluding FV changes	1,151,801	2,153,972	(389,337)	2,200,570	2,540,545	1,742,545	(1,163,958)	1,413,869
Realized and unrealized (gain) loss on biological assets	124,926	(2,431,481)	782,603	244,794	338,073	103,349	181,825	166,753
Gross profit / (loss)	1,026,875	4,585,453	(1,171,940)	1,955,776	2,202,472	1,639,196	(1,345,783)	1,247,116
Gross margin	*19.6%*	*67.1%*	*-22.9%*	*19.7%*	*24.1%*	*18.8%*	*-16.1%*	*16.5%*
Net loss	(6,268,465)	(3,167,055)	(23,138,547)	(9,067,681)	(11,251,079)	(10,046,109)	(66,543,691)	(13,784,988)
Net loss per share	$ (1.46)	$ (0.56)	$ (2.45)	$ (0.56)	$ (0.57)	$ (0.40)	$ (2.44)	$ (0.28)
Weighted average number of outstanding common shares, basic and diluted	4,296,100	5,653,375	9,453,702	16,100,994	19,723,440	24,918,579	27,228,800	49,004,882
Total assets	$ 48,016,022	$ 80,407,689	$ 87,754,245	$ 133,903,098	$ 144,074,887	$ 160,987,162	$ 104,796,919	$ 117,737,829

The Company's Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as are issued by the International Accounting Standards Board and are reported in U.S. dollars. The above quarterly information is presented on the same basis as the Condensed Interim Consolidated Financial Statements and should be read in conjunction with the statements and the accompanying notes. The fluctuation in the gross margin is explained by the timing of inventory movements, a change in the value of biological assets, and value adjustments of inventory.

Expressed in US dollars

Reconciliation of Non-GAAP Financial Measures

A reconciliation of EBITDA and adjusted EBITDA to the most directly comparable measure determined under GAAP is set out below.

Income (loss) before interest, tax, depreciation & amortization (EBITDA and adjusted EBITDA)		
	For the 3 months ended:	
	March 31, 2022	***March 31, 2021***
Net loss	**(13,784,988)**	**(9,067,681)**
Interest expense	1,822,679	368,421
Loss on foreign exchange	1,100,451	392,972
Depreciation	562,341	611,912
Share of loss from investment in associates	984,520	-
Other expense (income)	(357,884)	-
Accretion expense	294,337	307,754
EBITDA	**(9,378,544)**	**(7,386,622)**
Depreciation included in COGS	**377,531**	280,522
Share-based compensation for staff	**645,786**	829,236
Share-based payments for goods and services	**4,284,187**	-
Loss on the value of biological assets	**166,753**	244,794
Adjusted EBITDA	**$ (3,904,287)**	**$ (6,032,070)**

Management evaluates the Company's performance using a variety of measures. The non-IFRS measures should not be considered as an alternative to or to be more meaningful than net revenue or net loss. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

EBITDA represents net income (loss) before interest expense, provision for income taxes, depreciation and amortization. Adjusted EBITDA is calculated by subtracting from or adding to EBITDA items of income or expense described above. EBITDA and adjusted EBITDA do not represent net income, as that term is defined under IFRS, and should not be considered as an alternative to net income (loss) as an indicator of operating performance.

Adjusted EBITDA is provided to assist management and investors in determining the Company's operating performance before income taxes, depreciation and amortization, and certain other income and expenses. Income taxes, depreciation and amortization are excluded from the EBITDA calculation, as they do not represent cash expenditures that are directly affected by operations. Management believes that presentation of this non-IFRS measure provides useful information to investors and shareholders as it provides predictive value and assists in the evaluation of performance trends. Management uses adjusted EBITDA to compare financial results among reporting periods and to evaluate the Company's operating performance and ability to generate funds from operating activities. In calculating adjusted EBITDA, certain non-cash and non-recurring transactions are excluded.

Liquidity and capital resources

The Company's objectives when managing its liquidity and capital structure are to generate sufficient cash to fund operating and organic growth requirements.

The Condensed Interim Consolidated Financial Statements have been prepared on a going concern basis, which assume 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 balance sheet classifications that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

Historically, management has been successful in obtaining enough funding for operating and capital requirements.

- On September 16, 2020, the Company established an at-the-market equity program (the "ATM Program") that allows the Company to issue and sell up to C$7,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion. All common shares sold under the ATM Program were sold through the Neo Exchange Inc. or another marketplace (as defined in National Instrument 21-101 - Marketplace Operation) upon which the common shares are listed, quoted or otherwise traded, at the prevailing market price at the time of sale.

- On January 17, 2022, the Company entered into a C$14,000,000 financing with Alpha Blue Ocean, a family-office created in 2017 by Pierre Vannineuse, Hugo Pingray and Amaury Mamou-Mani. The financing structure involves $14,000,000 unsecured loan facility in two tranches of C$7,000,000 each, backed by a convertible debenture facility

- On March 16, 2022, the Company entered into an additional financing agreement of C$65m with Alpha Blue Ocean (ABO) in the form of convertible debentures.

As of March 31, 2022, the Company had 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 2021 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. 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 and the U.S. territories of the U.S. Virgin Islands and Puerto Rico allow the use of medical cannabis. 15 states and the U.S. territories of Guam and the Northern Mariana Islands have legalized the sale and adult-use of recreational cannabis. The District of Columbia and Vermont have legalized adult-use of recreational cannabis, but do not allow the sale 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 which 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.

As of March 31, 2022, the Company had available cash in the amount of $1,889,494 and restricted cash in the amount of 84,573. As of March 31, 2022, the Company had an accumulated deficit, and a working capital surplus of $11,983,858.

The Company's working capital consists of current assets including cash, minus current liabilities including short term loans and the current portion of long-term debt. The table below sets forth the cash and working capital position of the Company As of March 31, 2022.

Cash and working capital position - expressed in US dollars

As at:	***March 31, 2022***	***December 31, 2021***
Cash (including restricted cash)	**$ 1,974,067**	$ 1,838,624
Working capital	**11,983,858**	5,428,912

The table below sets forth the Company's cash flows for the quarter ended March 31, 2022.

Cash flow - expressed in US dollars

	For the 3 months ended:	
Cash provided by (used in):	***March 31, 2022***	***March 31, 2021***
Operating activities	**(9,537,769)**	(9,350,279)
Finance activities	**10,389,746**	15,902,657
Investing activities	**(716,534)**	1,019,162

Cash used in operating activities

In the three months ended March 31, 2022, cash used in operating activities was $9,537,769 (three months ended March 31, 2021: $9,350,279).

The cash used in operating activities was due to a net loss of $13,784,988 (three months ended March 31, 2021: net loss $9,067,681), an increase in working capital of $4,893,370 (three months ended March 31, 2021: increase $3,262,885), and non-cash items in the amount of $9,140,589 (three months ended March 31, 2021: $2,980,287).

Cash used in/provided by investing activities

In the three months ended March 31, 2022, cash used in investing activities was $716,534 (three months ended March 31, 2021: cash provided $1,019,162).

The Company used $60,000 in cash in relation to acquisition (three months ended March 31, 2021: cash received $1,595,369). There was an increase in property, plant and equipment by $656,534 (three months ended March 31, 2021: $576,207).

Cash raised in financing activities

In the three months ended March 31, 2022, cash generated from financing activities was $10,389,746 (three months ended March 31, 2021: $15,902,657).

In the three months ended March 31, 2022, the Company raised $9,236,644 from debt financing (three months ended March 31, 2021: $1,111,039), and $1,641,968 from convertible debentures (three months ended March 31, 2021: $16,419,356 proceeds from issuance of common shares and exercise of warrants). Net of a reduction of $488,866 (three months ended March 31, 2021: $284,469) in lease obligations, total capital raised was $10,389,746 (three months ended March 31, 2021: $15,902,657). The details are disclosed in Note 11 and 12 in the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2022.

In the three months ended March 31, 2022, cash inflow was $135,443 (three months ended March 31, 2021: cash inflow $7,571,540).

Share capital

During the quarter ended March 31, 2022, the Company issued 43,476,628 common shares. The Company issued 8,141,539 shares in pursuant to acquisitions, including 603,077 shares for finders' fee, 17,977,194 shares on conversion of convertible debentures, 3,164,300 shares in lieu of services, 1,374,796 shares in lieu of share-based compensation for staff, 11,918,799 on conversion of promissory notes, and 900,000 shares on vesting of restricted stock units. The details are disclosed in Note 12 of the Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022.

Use of proceeds

In the quarter ended March 31, 2022, the Company raised $1,641,968 from convertible debentures (three months ended March 31, 2021: $16,419,356 proceeds from issuance of common shares and exercise of warrants). Proceeds were used for operating expenses and working capital.

Outstanding share data

As at March 31, 2022, 76,502,124 common shares were issued and outstanding, 1,766,710 stock options were outstanding, 4,079,270 warrants were outstanding and 9,889 convertible debentures were in issue which are convertible into an aggregate of 9,601,457 common shares.

Commitments

Contractual obligations As of March 31, 2022, and the effects that such obligations are expected to have on our liquidity and cash flows in future periods are disclosed in Note 16 of the Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022.

Critical accounting estimates and judgements

The critical accounting estimates and judgements are disclosed in Note 3 of the Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022.

Changes in accounting policies

The changes in accounting policies and standards, interpretations and amendments not yet effective are disclosed in Note 3 of the Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022.

Related party transactions

Related party transactions are disclosed in Note 10 of the Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022.

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

Financial instruments

All financial assets and financial liabilities are initially recognized at fair value. The fair value of financial instruments is measured using 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 included in Level One.

- Level Three includes inputs that are not based on observable market data.

The following is a summary of the carrying values of the financial instruments As of March 31, 2022:

Financial Instruments - expressed in US dollars

	Amortized cost	FVPTL	FVOCI	Total
Financial assets:				
Cash	$ -	$1,889,494	$ -	**$1,889,494**
Restricted cash	-	84,573	-	**84,573**
Accounts receivable	5,243,014	-	-	**5,243,014**
Notes receivable	2,767,665	-	-	**2,767,665**
Investments	-	24,909,906	-	**24,909,906**
Financial liabilities:				
Accounts payable and accrued liabilities	10,097,328	-	-	**10,097,328**
Other loans	11,169,003	-	-	**11,169,003**
Debenture liability	$ -	$ -	$ -	**$ -**

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

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

For a detailed discussion of the Company's financial instruments, we refer to Note 15 of the Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022.

Subsequent events

Subsequent events are disclosed in Note 18 of the Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022.

Controls and procedures

Disclosure controls and procedures ("DC&P")

To provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis, Management of the Company, under the supervision of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for the design and operation of DC&P. The CEO and the CFO have limited the scope of the design of DC&P to exclude controls, policies, and procedures of (a) a business that the issuer acquired not more than 365 days before the last day of the period covered by the annual filings; and (b) summary financial information about the proportionately consolidated entity, special purpose entity, or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer's financial statements.

Internal control over financial reporting ("ICFR")

The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. However, due to inherent limitations, ICFR may not prevent or detect all misstatements and fraud. Management will continue to monitor the effectiveness of its ICFR and may make modifications from time to time as considered necessary. The CEO and the CFO have limited the scope of the design of ICFR to exclude controls, policies, and procedures of (a) a business that the issuer acquired not more than 365 days before the last day of the period covered by the annual filings; and (b) summary financial information about the proportionately consolidated entity, special purpose entity, or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer's financial statements.

Control framework

Management assesses the effectiveness of the Company's ICFR using the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO').

Changes in ICFR

Other than the limitation on the scope of design on DC&P and ICFR as noted above, there has been no change in the Company's design of internal controls and procedures over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this MD&A.

Disclosures about risk

The Company's exposure to significant risks includes, but are not limited to currency risk, interest rate risk, credit risk, price risk, market risk and liquidity risk. For a complete discussion of the risks, refer to Note 15 of the Company's Condensed Interim Consolidated Financial Statements for the quarter ended March 31, 2022, and the Annual Information Form available on the SEDAR website at www.sedar.com.

Additional information

Additional information relating to Halo Collective, including our Annual Information Form, is available on SEDAR at www.sedar.com.