

# The Hash Corporation

## Financial Statements

For the three and nine months ended September 30, 2021 and 2020  
[expressed in Canadian dollars, except share amounts]

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under Part 4, subsection 4.3(3)(a) of National Instrument 51-102 – *Continuous Disclosure Obligations*, if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of The Hash Corporation [the “Company”] have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

The Hash Corporation

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

[unaudited] [expressed in Canadian dollars]

[see going concern uncertainty – note 2]

As at	Notes	September 30, 2021	December 31, 2020
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		985,021	2,051,028
Trade receivable		156,406	—
Sales tax receivable		9,852	44,966
Prepaid expenses and other assets		410,108	20,559
		<u>1,561,387</u>	<u>2,116,553</u>
<b>Non-current assets</b>			
Deposits		—	40,344
Property and equipment, net	3	214,213	103,645
Right-of-use assets, net	4	46,422	—
		<u>1,822,022</u>	<u>2,260,542</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		158,088	224,825
Lease obligations	5	33,395	—
		<u>191,483</u>	<u>224,825</u>
<b>Non-current liabilities</b>			
Lease obligations	5	16,323	—
		<u>207,806</u>	<u>224,825</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	11,357,957	8,020,096
Warrants	6	735,332	1,999,595
Contributed surplus	7	1,557,808	—
Accumulated deficit		(12,036,881)	(7,983,974)
		<u>1,614,216</u>	<u>2,035,717</u>
		<u>1,822,022</u>	<u>2,260,542</u>
Commitments and contingencies	9		

The accompanying notes are an integral part of these condensed interim financial statements.

On behalf of the Board:

*signed "Binyomin Posen"*

*signed "Donal Carroll"*

The Hash Corporation

**CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**

[unaudited] [expressed in Canadian dollars, except number of shares]

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Revenue</b>		<b>250,686</b>	—	<b>342,246</b>	—
<b>Expenses</b>					
General and administrative		331,301	38,987	1,225,148	93,478
Professional fees		64,676	27,602	786,145	50,675
Salaries and wages		217,483	130,964	565,792	402,576
Production expenditures		218,820	—	379,834	—
Share-based payments	7	134,777	1,168,289	1,362,886	1,168,289
Amortization and depreciation	3 & 4	30,144	7,877	72,167	10,503
Interest expense		1,484	—	3,181	—
<b>Total operating expenses</b>		<b>998,685</b>	1,373,719	<b>4,395,153</b>	1,725,521
<b>Net loss and comprehensive loss</b>		<b>(747,999)</b>	(1,373,719)	<b>(4,052,907)</b>	(1,725,521)
Net loss per share					
Basic and diluted	8	(0.003)	(0.006)	(0.016)	(0.010)
Weighted average number of shares outstanding – basic and diluted	8	280,120,290	218,555,073	254,044,649	179,043,283

The accompanying notes are an integral part of these condensed interim financial statements.

The Hash Corporation

**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the nine months ended September 30, 2021 and 2020

[unaudited] [expressed in Canadian dollars, except number of shares]

	Share capital		Warrants		Contributed Surplus	Accumulated deficit	Total
	#	\$	#	\$	\$	\$	\$
<b>Balance – December 31, 2019</b>	<b>159,070,290</b>	<b>6,629,052</b>	<b>135,654,573</b>	<b>1,776,600</b>	—	<b>(5,962,836)</b>	<b>2,442,816</b>
Shares issued [note 6]	3,000,000	127,845	300,000	7,155	—	—	135,000
Warrants exercised [note 6]	62,150,000	1,263,199	(62,150,000)	(952,449)	—	—	310,750
Warrants extended [note 6]	—	—	—	1,168,289	—	—	1,168,289
Net loss and comprehensive loss	—	—	—	—	—	(1,725,521)	(1,725,521)
<b>Balance – September 30, 2020</b>	<b>224,220,290</b>	<b>8,020,096</b>	<b>73,804,573</b>	<b>1,999,595</b>	—	<b>(7,688,357)</b>	<b>2,331,334</b>
<b>Balance – December 31, 2020</b>	<b>224,220,290</b>	<b>8,020,096</b>	<b>73,804,573</b>	<b>1,999,595</b>	—	<b>(7,983,974)</b>	<b>2,035,717</b>
Shares issued [note 6]	18,050,000	1,412,572	1,805,000	98,948	—	—	1,511,520
Warrants exercised [note 6]	37,850,000	1,925,289	(37,850,000)	(1,168,289)	—	—	757,000
Warrants expired	—	—	(33,582,573)	(194,922)	194,922	—	—
Share-based compensation [note 7]	—	—	—	—	1,362,886	—	1,362,886
Net loss and comprehensive loss	—	—	—	—	—	(4,052,907)	(4,052,907)
<b>Balance – September 30, 2021</b>	<b>280,120,290</b>	<b>11,357,957</b>	<b>4,177,000</b>	<b>735,332</b>	<b>1,557,808</b>	<b>(12,036,881)</b>	<b>1,614,216</b>

The accompanying notes are an integral part of these condensed interim financial statements.

**The Hash Corporation**

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

[unaudited] [expressed in Canadian dollars]

<b>For the nine months ended September 30,</b>	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Operating activities</b>		
Net loss	<b>(4,052,907)</b>	(1,725,521)
Add items not affecting cash		
Amortization and depreciation	<b>72,167</b>	10,503
Share-based payments	<b>1,362,886</b>	1,168,290
Interest expense	<b>3,181</b>	—
Changes in non-cash working capital balances		
Trade receivable	<b>(156,406)</b>	—
Sales tax receivable	<b>35,114</b>	(33,638)
Prepaid expenses and other assets	<b>(389,549)</b>	(14,945)
Trade and other payables	<b>(66,737)</b>	97,479
<b>Cash used in operating activities</b>	<b>(3,192,251)</b>	(497,832)
<b>Investing activities</b>		
Deposits	<b>40,344</b>	—
Purchase of equipment	<b>(163,620)</b>	(94,524)
<b>Cash used in investing activities</b>	<b>(123,276)</b>	(94,524)
<b>Financing activities</b>		
Repayment of lease obligation	<b>(19,000)</b>	—
Proceeds from issuance of shares, net	<b>1,511,520</b>	135,000
Proceeds from exercise of warrants	<b>757,000</b>	135,700
<b>Cash provided by financing activities</b>	<b>2,249,520</b>	270,700
<b>Net change</b>	<b>(1,066,007)</b>	(321,656)
Cash and cash equivalents, beginning of period	<b>2,051,028</b>	2,672,404
<b>Cash and cash equivalents, end of period</b>	<b>985,021</b>	2,350,748

*The accompanying notes are an integral part of these condensed interim financial statements.*

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

#### 1. Nature of business

The Hash Corporation (the “Company”) was incorporated under the Business Corporations Act (Ontario) on March 28, 1967 as Northville Explorations Ltd. On January 22, 2014, the Company changed its name to Senternet Phi Gamma Inc. and on July 8, 2019 the Company changed its name to its present name.

The Company is focused on the production and sale of cannabis-based hashish and other cannabis products. The Company applies its separation and curing techniques to produce a suite of high-quality cannabis resin products, which are all-natural and free of additives. At present, the Company does not possess the licences required to carry on its business in producing and selling cannabis-based hashish and other cannabis concentrates. In particular, the Company does not have a Standard Processing Licence and a Cannabis Licence under the Cannabis Act. The Company does not intend to apply for both these licences and instead relies on the Collaboration Agreement with Medz Cannabis Inc. an Ontario-based, privately-owned company, licensed for the cultivation, processing and sale of medical cannabis under the Cannabis Act (see Note 9).

The head office of the Company is located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9.

#### Impact of COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19,” has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company’s business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

#### 2. Basis of presentation

##### [a] Statement of compliance

These unaudited condensed interim financial statements (“financial statements”) were prepared using the same accounting policies and methods as those used in the Company’s audited financial statements for the year ended December 31, 2020. These financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. These financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 26, 2021.

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

#### **[b] Going concern uncertainty**

The financial statements of the Company for the three and nine months ended September 30, 2021 and 2020, have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at September 30, 2021, the Company has an accumulated deficit of \$12,036,881 (December 31, 2020 - \$7,983,974) and a working capital surplus of \$1,369,904 (December 31, 2020 - \$1,891,728). For the three and nine months ended September 30, 2021, the Company had a net loss of \$747,999 and \$4,052,907 (2020 - \$1,373,719 and \$1,725,521), respectively. Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future. The Company will need to raise capital in order to fund its operations. This need may be adversely impacted by uncertain market conditions, COVID-19, approval by regulatory bodies, and adverse results from operations. The above events and conditions indicate there is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

#### **[c] Functional currency and presentation currency**

These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

#### **[e] Use of estimates and judgments**

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, consistent with those disclosed in the audited financial statements for the year ended December 31, 2020 and described in these financial statements. Actual results could differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

#### 3. Property and equipment

Property and equipment as at September 30, 2021, is as follows:

	Leasehold improvements \$	Computer equipment \$	Production equipment \$	Total \$
<b>Cost</b>				
Balance – December 31, 2019	—	—	—	—
Additions	4,000	9,670	108,657	122,327
Balance – December 31, 2020	4,000	9,670	108,657	122,327
Additions	39,954	—	123,666	163,620
<b>Balance – September 30, 2021</b>	<b>43,954</b>	<b>9,670</b>	<b>232,323</b>	<b>285,947</b>
<b>Accumulated depreciation</b>				
Balance – December 31, 2019	—	—	—	—
Depreciation	—	302	18,380	18,682
Balance – December 31, 2020	—	302	18,380	18,682
Depreciation	12,662	2,350	38,040	53,052
<b>Balance – September 30, 2021</b>	<b>12,662</b>	<b>2,652</b>	<b>56,420</b>	<b>71,734</b>
Balance – December 31, 2020	4,000	9,670	108,657	122,327
<b>Balance – September 30, 2021</b>	<b>31,292</b>	<b>7,018</b>	<b>175,903</b>	<b>214,213</b>

#### 4. Right-of-use assets

The right-of-use assets as at September 30, 2021, is as follows:

	\$
Balance – December 31, 2020	—
Additions	65,537
Depreciation	(19,115)
<b>Balance – September 30, 2021</b>	<b>46,422</b>



## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

#### 5. Lease obligations

The lease obligations as at September 30, 2021, is as follows:

	\$
Balance – December 31, 2020	—
Additions	65,537
Add: Interest expense	3,181
Less: Lease payments	(19,000)
<b>Balance – September 30, 2021</b>	<b>49,718</b>
Current	33,395
Non-current	16,323

Lease obligations are related to the Medz Cannabis Inc. facility (Note 9).

The following table sets out a maturity analysis of the lease payments payable, showing the undiscounted lease payments to be paid on annual basis, reconciled to the lease obligation.

	\$
Less than one year	38,000
One to two years	15,833
Total undiscounted lease payments payable	53,833
Less: impact of present value	(4,115)
<b>Balance – September 30, 2021</b>	<b>49,718</b>

#### 6. Share capital

##### [a] Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

##### [b] Issued and outstanding

The Company's share capital is as follows:

	Common Shares		Warrants	
	#	\$	#	\$
<b>Balance – December 31, 2019</b>	<b>159,070,290</b>	<b>6,629,052</b>	<b>135,654,573</b>	<b>1,776,600</b>
Shares issued [i]	3,000,000	127,845	300,000	7,155
Warrants exercised [ii]	62,150,000	1,263,199	(62,150,000)	(952,449)
Warrants extended [iii]	—	—	—	1,168,289
<b>Balance – September 30, 2020</b>	<b>224,220,290</b>	<b>8,020,096</b>	<b>73,804,573</b>	<b>1,999,595</b>
<b>Balance – December 31, 2020</b>	<b>224,220,290</b>	<b>8,020,096</b>	<b>73,804,573</b>	<b>1,999,595</b>
Shares issued [iv] [v]	18,050,000	1,412,572	1,805,000	98,948
Warrants exercised [vi]	37,850,000	1,925,289	(37,850,000)	(1,168,289)
Warrants expired	—	—	(33,582,573)	(194,922)
<b>Balance – September 30, 2021</b>	<b>280,120,290</b>	<b>11,357,957</b>	<b>4,177,000</b>	<b>735,332</b>

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

- i. On July 8, 2020, the Company completed a private placement through the issuance of 3,000,000 common shares at a price of \$0.05 per share for total gross proceeds of \$150,000. Total transactions costs related to the private placement were \$15,000. The Company also issued 300,000 compensation warrants. The fair value of the warrants was determined to be \$7,155. For purposes of calculating the fair value of the warrants, the following assumptions were used in the Black-Scholes option pricing model: Risk free interest rate 0.29%, Expected life – 2 years, Expected annual volatility – 90%, Expected dividends – Nil, Share price \$0.05, Exercise price - \$0.05.
- ii. On July 8, 2020, the Company issued 62,150,000 common shares as a result of 62,150,000 warrants being exercised to acquire one common share each at a price of \$0.005 per share for gross proceeds of \$310,750. The value of the warrants exercised was \$952,449.
- iii. On July 8, 2020, the Company extended 37,850,000 warrants that were to expire on July 8, 2020 to three months following the date the common shares of the Company are listed on a recognized exchange. The fair value of the warrants was determined to be \$1,168,289. For purposes of calculating the fair value of the warrants, the following assumptions were used in the Black-Scholes option pricing model: Risk free interest rate 0.29%, Expected life – 0.73 years, Expected annual volatility – 90%, Expected dividends – Nil, Share price \$0.05, Exercise price - \$0.02.
- iv. On March 15, 2021, the Company completed a private placement through the issuance of 15,050,000 common shares at a price of \$0.10 per share for total gross proceeds of \$1,505,000. Total transaction costs related to the private placement were \$263,480. The Company also issued 1,505,000 compensation warrants. The fair value of the warrants was determined to be \$73,112. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes option pricing model: Risk free interest rate 0.31%, Expected life – 2 years, Expected annual volatility – 106%, Expected dividends – Nil, Share price \$0.10, Exercise price – \$0.10.
- v. On May 27, 2021, the Company completed a private placement through the issuance of 3,000,000 common shares at a price of \$0.10 per share for total gross proceeds of \$300,000. Total transaction costs related to the private placement were \$30,000. The Company also issued 300,000 compensation warrants. The fair value of the warrants was determined to be \$16,526. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes option pricing model: Risk free interest rate 0.32%, Expected life – 2 years, Expected annual volatility – 107%, Expected dividends – Nil, Share price \$0.10, Exercise price – \$0.10.
- vi. On May 27, 2021, 37,850,000 warrants were exercised for total proceeds of \$757,000 resulting in the issuance of 37,850,000 common shares.

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

The number of warrants outstanding during the nine months ended September 30, 2021 and 2020, were as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Outstanding as at December 31, 2019	135,654,573	0.02
Granted	300,000	0.24
Exercised	(62,150,000)	0.05
Outstanding as at September 30, 2020	<b>73,804,573</b>	<b>0.02</b>
Outstanding as at December 31, 2020	73,804,573	0.03
Granted	1,805,000	0.10
Exercised	(37,850,000)	0.02
Expired	(33,582,573)	0.03
Outstanding as at September 30, 2021	<b>4,177,000</b>	<b>0.07</b>

#### Measurement of fair values

The fair value of warrants granted during the nine months ended September 30, 2021, were estimated at the date of grant using the Black-Scholes model with the following inputs:

	<u>2021</u>
Grant date share price	<b>\$0.10</b>
Exercise price	<b>\$0.10</b>
Expected dividend yield	—
Risk free interest rate	<b>0.31% - 0.32%</b>
Expected life	<b>2 years</b>
Expected volatility	<b>106% - 107%</b>

The following table is a summary of the Company's warrants outstanding as at September 30, 2021:

Expiry Date	Exercise price \$	Number outstanding #
November 5, 2021	0.05	1,858,000
December 23, 2021	0.05	214,000
July 8, 2022	0.05	300,000
March 15, 2023	0.10	1,505,000
May 27, 2023	0.10	300,000
	<b>0.07</b>	<b>4,177,000</b>

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

The following table is a summary of the Company's warrants outstanding as at September 30, 2020:

Expiry Date	Exercise price \$	Number outstanding #
3 months after listing on public exchange	0.04	22,250,000
3 months after listing on public exchange	0.00	37,850,000
August 30, 2021	0.02	10,832,573
September 19, 2021	0.02	500,000
November 5, 2021	0.05	1,858,000
December 23, 2021	0.05	214,000
July 8, 2022	0.05	300,000
	<b>0.02</b>	<b>73,804,573</b>

#### 7. Share-based compensation

##### [i] Share-based payment arrangements

The Company has established a share option plan (the "Option Plan") for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan, the term and vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding unless the Board has increased such limit by a Board resolution. If any options terminate, expire, or are cancelled as contemplated by the Option Plan, the number of options so terminated, expired or cancelled shall again be available under the Option Plan.

The changes in the number of share options during the period ended September 30, 2021 and 2020, were as follows:

	Number of options #	Weighted average exercise price \$
Outstanding as at December 31, 2019 and September 30, 2020	20,000,000	0.05
Outstanding as at December 31, 2020	15,500,000	0.05
Forfeited	(3,500,000)	0.05
Cancelled	(3,000,000)	0.05
Granted	17,700,000	0.10
<b>Outstanding as at September 30, 2021</b>	<b>26,700,000</b>	<b>0.08</b>
<b>Exercisable as at September 30, 2021</b>	<b>26,700,000</b>	<b>0.08</b>

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

The fair value of share options granted during the nine months ended September 30, 2021, were estimated at the date of grant using the Black-Scholes model with the following inputs:

	<b>2021</b>
Grant date share price	\$ <b>0.10</b>
Exercise price	<b>\$0.10 - \$0.11</b>
Expected dividend yield	—
Risk free interest rate	<b>0.26% - 0.51%</b>
Expected life	<b>3 years</b>
Expected volatility	<b>105% - 106%</b>

Expected volatility was estimated by using the historical volatility of comparable companies in similar industries as the Company. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on government bonds with a remaining term equal to the expected life of the options.

The following table is a summary of the Company's share options outstanding as at September 30, 2021:

Options outstanding			Weighted Average Remaining Contractual Life [years]	Options exercisable	
Exercise Price \$	Number Outstanding #	Exercise Price \$		Number Exercisable #	
0.05	9,000,000	0.05	9,000,000		
0.10	13,700,000	0.10	13,700,000		
0.11	4,000,000	0.11	4,000,000		
<b>0.08</b>	<b>26,700,000</b>	<b>0.08</b>	<b>26,700,000</b>		

The following table is a summary of the Company's share options outstanding as at September 30, 2020:

Options outstanding			Weighted Average Remaining Contractual Life [years]	Options exercisable	
Exercise Price \$	Number Outstanding #	Exercise Price \$		Number Exercisable #	
<b>0.05</b>	<b>20,000,000</b>	—	—		

During the three and nine months ended September 30, 2021, the Company recognized \$nil and \$1,188,383 (2020 – \$nil and \$nil), respectively, of share-based compensation expense associated with options issued under the Option Plan. Share-based compensation expense for the nine months ended September 30, 2021, included \$53,432 related to 9,000,000 options modified to vest immediately.

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

#### [ii] Restricted Share Units

In May 2021, the Company established a Restricted Share Unit Plan ("RSU Plan") for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines the eligibility of individuals to participate in the RSU Plan in order to align their interests with those of the Company's shareholders.

No amounts are paid or payable by the individual on receipt of the restricted share unit ("RSU"). Each RSU converts into one common share of the Company on the date of vesting at \$nil exercise price.

The Company's RSU Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding unless the Board has increased such limit by a Board resolution.

The change in the number of RSUs during the period ending September 30, 2021, is as follow:

	<b>Number of RSUs #</b>
Outstanding as at December 31, 2020	—
Granted	6,000,000
<b>Outstanding as at September 30, 2021</b>	<b>6,000,000</b>

During the three and nine months ended September 30, 2021, the Company recognized \$134,777 and \$174,503 (2020 – \$nil and \$nil), respectively, of share-based compensation related to RSUs.

#### 8. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of warrants, share options and RSUs. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the period ended September 30, 2021 and 2020, presented are as follows:

	<b>September 30, 2021</b>	September 30, 2020
	<b>#</b>	<b>#</b>
Warrants	4,177,000	73,804,573
Share Options	26,700,000	20,000,000
RSUs	6,000,000	—
	<b>36,877,000</b>	<b>93,804,573</b>

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

#### 9. Commitments and contingencies

##### Commitments

###### *Medz Cannabis Collaboration Agreement*

On April 20, 2020, the Company entered into a five-year collaboration agreement with Medz Cannabis Inc. ("Medz"), to produce and sell cannabis-based hashish and other cannabis concentrates. Per the agreement, Medz is to provide the Company with licensed processing space at the Medz licensed facility for the purposes of manufacturing, packaging, and selling products. The Company is responsible for all costs incurred related to the production and is to grant Medz certain profit-sharing rights in connection with the sale of products produced within the Medz facility. The Company is to pay Medz a 3.5% royalty on all revenues generated from the sale of the products produced in the Medz facility, and a 5% royalty on any tolling or service revenue earned by the Company on certain service contracts.

The Company has entered into a long-term lease for approximately 1,900 square feet of production and office space as well as access to common space for a term of two years commencing on February 28, 2021. The Company has the option to renew the lease for additional terms.

###### *Black Rose Organics Inc. Agreement*

On February 3, 2021, the Company entered into a five-year collaboration agreement with Black Rose Organics Inc. ("BRO"). Under the terms of the agreement the Company is to have access to a production space licensed for cannabis production within BRO's facility. The Company and BRO are to share profits from the sale of products produced by the Company in the BRO facility.

###### *Product Acquisition Agreement*

On March 11, 2021, the Company entered into a twelve-month product acquisition agreement with Canada House Cannabis Group Inc. d.b.a. Canada House Wellness Group ("Canada House") and Abba Medix Corp. ("Abba"), collectively the "Purchasers". The Company will sell to the Purchasers hashish over the term of the agreement.

##### Contingencies

###### *Legal matters*

From time to time, the Company may be named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at the reporting date, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to profit or loss in that period.

## The Hash Corporation

### Notes to the financial statements

[expressed in Canadian dollars]

September 30, 2021 and 2020

#### 10. Related party transactions and balances

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly.

Key management personnel compensation during the three and nine months ended September 30, 2021 and 2020 is comprised of:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Salaries, benefits, bonuses and other fees	88,856	107,500	522,194	322,500
Share-based payments	100,822	—	814,408	—
<b>Total</b>	<b>189,678</b>	<b>107,500</b>	<b>1,336,602</b>	<b>322,500</b>

During the three months ended March 31, 2021, the Company granted the Board of Directors a total of 4,000,000 share options, vesting immediately, with an exercise price of \$0.11 and expiry date of 3 years from the date of grant. The fair value of the share options was determined to be \$250,123 using the Black-Scholes option pricing model (Note 7).

During the three months ended June 30, 2021, the Company modified 2,000,000, share options held by related parties to vest immediately. The Company recognized the fair value of the original awards in the amount of \$11,874 (Note 7).

During the three months ended June 30, 2021, the Company granted certain directors and officers 6,500,000 share options, vesting immediately, with an exercise price of \$0.10 and expiry date of 3 years from the date of grant. The fair value of the share options was determined to be \$419,809 using the Black-Scholes option pricing model (Note 7).

During the three months ended June 30, 2021, the Company granted certain directors and officers of the Company 4,000,000 RSUs. The RSUs vest on June 1, 2022 and expire on June 1, 2024 (Note 7).

During the three months ended June 30, 2021, the Company paid \$220,000 to a Company related to the CFO for professional services provided in relation to the CSE listing.

The Company owes related parties \$25,206 (December 31, 2020 - \$41,753), included in trade and other payables, as at September 30, 2021.