

Halberd Corporation

Consolidated Financial Statements
For the Years Ended
July 31, 2022 and 2021
(Unaudited)

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Halberd Corporation
P.O. Box 25
Jackson Center, PA 16133

January 17, 2023

I hereby certify that the accompanying unaudited consolidated financial statements and related footnotes hereto are based on the best information currently available to the Company. To the best of my knowledge, this information presents fairly, in all material respects, the financial position and stockholders' equity of Halberd Corporation as of July 31, 2022 and 2021, and the results of its operations and cash flows for the years ended July 31, 2022 and 2021 in conformity with accounting principles generally accepted in the United States of America.

/s/ William Hartman
CEO

HALBERD CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	July 31, 2022	July 31, 2021
ASSETS		
Current assets:		
Cash	\$ 9,535	\$ 40,321
Prepaid expense	2,995	21,750
Total current assets	12,530	62,071
Fixed assets, net	4,563	1,281
Total assets	<u>\$ 17,093</u>	<u>\$ 63,352</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 376,839	\$ 177,010
Accrued expenses	11,234	5,300
Convertible judgments payable	206,934	216,400
Total current liabilities	595,007	398,710
Long term liabilities:		
Note payable, SBA loan	150,000	150,000
Total liabilities	745,007	548,710
Commitments and contingencies	-	-
Stockholders' equity (deficit):		
Preferred stock, \$0.0001 par value, 25,000,000 shares authorized, 10,000,000 shares issued and outstanding	1,000	1,000
Common stock, \$0.0001 par value, 800,000,000 shares authorized, 511,621,968 shares issued and outstanding	51,162	51,162
Additional paid in capital	5,664,718	4,282,530
Accumulated deficit	(6,444,794)	(4,820,050)
Total stockholders' equity (deficit)	(727,914)	(485,358)
Total liabilities and stockholders' equity (deficit)	<u>\$ 17,093</u>	<u>\$ 63,352</u>

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

HALBERD CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Years Ended July 31,	
	2022	2021
Revenue	\$ 8,020	\$ 5,238
Cost of sales	214	4,295
Gross profit	<u>7,806</u>	<u>943</u>
Operating expenses:		
General and administrative	102,145	98,817
Research and development	913,426	688,482
Professional fees	610,866	69,323
Total operating expenses	<u>1,626,437</u>	<u>856,622</u>
Operating loss	<u>(1,618,631)</u>	<u>(855,679)</u>
Other income (expense):		
Interest expense	(6,113)	(5,858)
Total other income (expense)	<u>(6,113)</u>	<u>(5,858)</u>
Net loss	<u>\$ (1,624,744)</u>	<u>\$ (861,537)</u>
Weighted average common shares outstanding - basic	<u>512,381,451</u>	<u>393,192,510</u>
Weighted average common shares outstanding - fully diluted	<u>512,381,451</u>	<u>393,192,510</u>
Net loss per common share - basic	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Net loss per common share - fully diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

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

HALBERD CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)

	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Stockholders' Equity
Balance, July 31, 2020 (Restated)	10,000,000	\$ 1,000	302,721,539	\$ 30,272	\$ 3,535,228	\$ (3,958,513)	\$ (392,013)
Warrants granted for services	-	-	-	-	20,612	-	20,612
Common stock issued for the exercise of warrants	-	-	1,000,000	100	9,900	-	10,000
Common stock issued for settlement of 3(a)(10) debts	-	-	207,900,429	20,790	51,975	-	72,765
Contributed capital	-	-	-	-	664,815	-	664,815
Net loss for the year ended July 31, 2021	-	-	-	-	-	(861,537)	(861,537)
Balance, July 31, 2021	10,000,000	\$ 1,000	511,621,968	\$ 51,162	\$ 4,282,530	\$ (4,820,050)	\$ (485,358)
Common stock issued for settlement of 3(a)(10) debts	-	-	27,044,110	2,704	6,762	-	9,466
Shares cancelled	-	-	(27,044,110)	(2,704)	2,704	-	-
Warrants granted for services	-	-	-	-	479,322	-	479,322
Contributed capital	-	-	-	-	893,400	-	893,400
Net loss for the year ended July 31, 2022	-	-	-	-	-	(1,624,744)	(1,624,744)
Balance, July 31, 2022	10,000,000	\$ 1,000	511,621,968	\$ 51,162	\$ 5,664,718	\$ (6,444,794)	\$ (727,914)

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

HALBERD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Years Ended July 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (1,624,744)	\$ (861,537)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	571	-
Common stock warrants issued for services	479,322	20,612
Amortization of debt discounts	-	458
Decrease (increase) in assets:		
Prepaid expense	18,755	(19,500)
Increase (decrease) in liabilities:		
Accounts payable	199,829	84,368
Accrued expenses	5,934	5,300
Net cash used in operating activities	<u>(920,333)</u>	<u>(770,299)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,853)	(1,281)
Net used in investing activities	<u>(3,853)</u>	<u>(1,281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from exercise of warrants	-	10,000
Proceeds received on capital contributions	893,400	664,815
Proceeds received from note payable, SBA loan	-	150,000
Payments on loan origination costs	-	(15,000)
Net cash provided by financing activities	<u>893,400</u>	<u>809,815</u>
NET CHANGE IN CASH	(30,786)	38,235
CASH AT BEGINNING OF PERIOD	<u>40,321</u>	<u>2,086</u>
CASH AT END OF PERIOD	<u>\$ 9,535</u>	<u>\$ 40,321</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 179	\$ 100
Income taxes paid	\$ -	\$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Fair value of common stock issued on settlement of 3(a)(10) debts	<u>\$ 649,059</u>	<u>\$ 6,904,338</u>

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

Halberd Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Note 1 – Basis of Presentation and Significant Accounting Policies

Nature of Business

Halberd Corporation (“Halberd”, “We”, “Us”, “the Company”) was formed in the State of Nevada on January 26, 2009. It changed its name to Tykhe Corporation on April 22, 2014, and then redomiciled to Colorado and changed its name to Alaric Corporation on January 25, 2017. On March 22, 2020, it changed its name to HALB Transition Corporation, before completing a reorganization whereby the name of the public company again became Halberd Corporation, and Alaric Corporation then became its wholly-owned subsidiary. The merger was accounted for as a reverse purchase acquisition in accordance with the Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) 805-50, whereby the financial statements of the Target company (Halberd Corporation) were treated as the acquiring company, and the equity section of the balance sheet and earnings per share of Halberd Corporation were retroactively restated to reflect the effect of the 1:1 exchange ratio of the equity of Alaric Corporation exchanged for the equity of Halberd Corporation. There were no assets or liabilities of either entity prior to the business combination, therefore there was no Goodwill or gain or loss on the business combination.

Halberd’s primary business is the pursuit of treatments for neurodegenerative diseases, such as PTSD/CTE (Post Traumatic Stress Disorder/Chronic Traumatic Encephalopathy), Alzheimer's Disease, Parkinson's Disease, etc.

Basis of Accounting

Our financial statements are prepared using the accrual method of accounting as generally accepted in the United States of America (U.S. GAAP) and the rules of the Securities and Exchange Commission (SEC).

Basis of Presentation

The accompanying financial statements include the accounts of the following entities, all of which are under common control and ownership as of the date of this report:

Name of Entity	Form of Entity	State of Incorporation	Relationship
Halberd Corporation	Corporation	Colorado	Parent
Alaric Corporation	Corporation	Colorado	Subsidiary

All significant inter-company transactions have been eliminated in the preparation of these financial statements.

These statements reflect all adjustments, which in the opinion of management, are necessary for fair presentation of the information contained therein. Except as otherwise disclosed, all such adjustments are of a normal recurring nature. It is suggested that these unaudited financial statements be read in conjunction with the financial statements of the Company for the year ended July 31, 2021 and notes thereto included in the Company's annual report.

The Company has adopted a fiscal year end of July 31st.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Segment Reporting

FASB ASC 280-10-50 requires annual and interim reporting for an enterprise’s operating segments and related disclosures about its products, services, geographic areas and major customers. An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and expenses, and about which separate financial information is regularly evaluated by the chief operating decision maker in deciding how to allocate resources. All of the Company’s stores are considered operating segments, and will be aggregated into one reportable segment given the similarities in economic characteristics among the operations represented by the stores and the common nature of the products, customers and methods of distribution.

Halberd Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short-term nature of the instruments. The Company had a convertible note payable that required fair value measurement on a recurring basis.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 — Revenue from Contracts with Customers. Under Topic 606, revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

The Company's revenues currently consist of the sale of CBD products, including patches, roll-on applications, sprays and ointments. These products are primarily sold direct-to-consumers online, and occasionally directly to local pharmacies.

Sales are recorded when the earnings process is complete or substantially complete, and the revenue is measurable and collectability is reasonably assured, which is typically when products are shipped. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue from sales in which payment has been received, but the earnings process has not been completed.

Cost of Merchandise Sales and Occupancy Costs

Cost of merchandise sales and occupancy costs includes the following types of expenses: purchase price of inventory sold, including inbound freight charges; shipping and handling costs; inventory shrinkage costs and valuation adjustments; payroll and benefits costs; store occupancy costs, including rent, common area maintenance, property taxes, utilities, insurance, and depreciation of leasehold improvements and capitalized lease assets. Also included in cost of merchandise sales and occupancy costs is certain consideration received from vendors for vendor rebates, allowances and discounts.

Advertising and Promotion

All costs associated with advertising and promoting products are expensed as incurred. These expenses approximated \$66,091 and \$56,144 for the years ended July 31, 2022 and 2021, respectively, as presented in general and administrative expenses within the consolidated statements of operations.

Research and Development

The Company performs research and development on its extracorporeal technological method of treating many disease states, including Alzheimer's Disease, PTSD, Parkinson's Disease, epilepsy and other neurodegenerative diseases, sepsis, meningitis and pandemics. The Company currently does not have any employees dedicated to research and development, but outsources these activities to Arizona State University (ASU) pursuant to an Industry Sponsored Research Agreement, which the Company and ASU entered into on September 1, 2020 (Research Agreement). The Research Agreement, which terminates on November 30, 2022, calls for monthly payments of \$50,000, not to exceed \$1,371,782. The Company's research and development activities have primarily been funded by related parties (Securities Counselors Group and Epidemiologic Solutions Corp.). In accordance with ASC 730-10-25, these expenditures contracted to another party are expensed as incurred. Research and development expenses approximated \$913,426 and \$773,177 for the years ended July 31, 2022 and 2021, respectively.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Halberd Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Basic and Diluted Loss per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an “as if converted” basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the periods presented, there were no outstanding potential common stock equivalents and therefore basic and diluted earnings per share result in the same figure.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees in accordance with the provisions of ASC 718 Stock Compensation (ASC 718) and Equity-Based Payments to Non-employees pursuant to ASC 2018-07 (ASC 2018-07). All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date at which a commitment for performance by the counterparty to earn the equity instruments is reached because of sufficiently large disincentives for nonperformance.

Uncertain Tax Positions

In accordance with ASC 740, “Income Taxes” (“ASC 740”), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company’s income tax returns. These audits include questions regarding the Company’s tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company’s tax position relies on the judgment of management to estimate the exposures associated with the Company’s various filing positions.

Adoption of New Accounting Standards and Recently Issued Accounting Pronouncements

There are no recently issued accounting pronouncements that the Company has yet to adopt that are expected to have a material effect on its financial position, results of operations, or cash flows.

Note 2 – Going Concern

As shown in the accompanying condensed consolidated financial statements, the Company has incurred recurring losses from operations resulting in an accumulated deficit of \$6,444,794, negative working capital of \$582,477, and as of July 31, 2022, the Company’s cash on hand may not be sufficient to sustain operations. These factors raise substantial doubt about the Company’s ability to continue as a going concern. Management is actively pursuing new customers to increase revenues. In addition, the Company is currently seeking additional sources of capital to fund short term operations. Management believes these factors will contribute toward achieving profitability. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The consolidated financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company’s ability to continue as a going concern. These financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Halberd Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Note 3 – Convertible Judgments Payable and Contingent Liabilities

On May 7, 2014, the Company entered into a court ordered settlement in *Securities Counselors, Inc. v. Halberd Corporation*, Case No. 13 L 00000668 for a total of \$279,447 that is to be settled with the payment of 441,278,914 shares of common stock to be issued in tranches pursuant to a Section 3(a)(10) exemption from the Securities Act of 1933's registration requirements. Through July 31, 2022, there were a total of 162,588,671 shares issued in partial extinguishment of this nonmonetary obligation. As of July 31, 2022, there was a balance outstanding of \$176,485 on this judgment that could be converted into approximately 278,690,243 shares of the Company's common stock at a rate of approximately \$0.00063 per share.

On November 25, 2014, in *Securities Counselors, Inc. v. Texas Wyoming Drilling, Inc.*, Case No. 14 L 825, Halberd Corporation, then named Tykhe Corporation, agreed to a settlement in the amount of \$2,822,209, whereby the Company agreed to issue 486,850,070 shares of its common stock at an issuance price of \$0.0057969 per-share in exchange for an interest in various cannabis farming operations in accordance with the November 25, 2014 court order. This November 25, 2014 court order covered several different public companies which participated in this initiative, agreeing to issue shares in exchange for interests in such cannabis farming operations. The Texas Wyoming court order further provided that Securities Counselors Inc. was entitled to 19,438,077 shares of common stock in Halberd Corporation in extinguishment of its accrued liability of \$112,680 for additional legal services rendered, which were in addition to the legal services rendered immediately prior to, and covered by, the *Securities Counselors, Inc. v. Halberd Corporation* Case No. 13 L 00000668.

That November 25, 2014, *Securities Counselors, Inc. v. Texas Wyoming Drilling, Inc.* order, however, was later modified in May 2016, effectively extinguishing for Halberd, both the obligation to issue shares as well as any entitlements with respect thereto, except for the share entitlement for legal services. The most relevant provisions relating to this matter of *Securities Counselors, Inc. v. Texas Wyoming Drilling, Inc.* appear in paragraph 6 stating as follows: "Halberd is hereby relieved of its obligations in accordance with the *Securities Counselors, Inc. v. Texas Wyoming Drilling, Inc.* 2014 Order, including any obligation to issue the 486,850,070 shares ... and to receive shares in any of the other Issuers is hereby extinguished. The 19,438,077 shares, which Halberd was obligated to issue SCI shall increase to 321,943,143, to reflect the corresponding decrease in its share price." Mathematically, the \$112,680 divided by the 321,943,143 shares is \$0.00035 per-share.

As of July 31, 2022, there was a balance outstanding of \$30,449 on this judgment that could be converted into approximately 86,998,604 shares of the Company's common stock at a rate of approximately \$0.00035 per share. A total of 234,944,539 shares were issued in satisfaction of approximately \$82,231 of this obligation over various dates from August 5, 2020 through February 18, 2022.

Note 4 – Fair Value of Financial Instruments

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

Halberd Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Note 4 – Fair Value of Financial Instruments (Continued)

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of July 31, 2022 and July 31, 2021, respectively:

	Fair Value Measurements at July 31, 2022		
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 9,535	\$ -	\$ -
Total assets	9,535	-	-
Liabilities			
Convertible judgments payable	-	4,571,111	-
Note payable, SBA loan	-	150,000	-
Total liabilities	-	4,721,111	-
	<u>\$ 9,535</u>	<u>\$ (4,721,111)</u>	<u>\$ -</u>

	Fair Value Measurements at July 31, 2021		
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 40,321	\$ -	\$ -
Total assets	40,321	-	-
Liabilities			
Convertible judgments payable	-	15,591,498	-
Note payable, SBA loan	-	150,000	-
Total liabilities	-	15,741,498	-
	<u>\$ 40,321</u>	<u>\$ (15,741,498)</u>	<u>\$ -</u>

The fair value of our convertible judgments payable is based on the fair market value of the underlying shares that are to be used to settle the judgments, and are considered Level 3 inputs as defined by ASC Topic 820-10-35.

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the year ended July 31, 2022 or 2021.

Note 5 – Note Payable, SBA Loan

Note payable, SBA loan consisted of the following at July 31, 2022 and 2021, respectively:

	July 31, 2022	July 31, 2021
On September 2, 2020, the Company, borrowed \$150,000 from Standard Financing, pursuant to a Promissory Note issued by the Company to Standard Financing (the “SBA Loan”). The loan was made pursuant to the Covid-19 Economic Injury Disaster Loan Program established as part of the Coronavirus Aid, Relief, and Economic Security Act (the “EIDL Program”). The SBA Loan carried interest at 3.75% per annum, payable in \$731 monthly payments over thirty (30) years from the date of the note, with the initial payment deferred until September 2, 2022.	\$ 150,000	\$ 150,000
Total note payable, SBA loan	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The Company recorded interest expense on notes payable in the amount of \$5,934 and \$20,400 for the years ended July 31, 2022 and 2021, respectively.

Halberd Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Note 6 – Changes in Stockholders' Equity (Deficit)

Series A Preferred Stock

The Company is authorized to issue 25,000,000 shares of preferred stock with a par value of \$0.0001 per share, of which 10,000,000 have been designated as Series A Preferred Stock ("Series A Preferred"), with the remaining 15,000,000 shares available for designation from time to time by the Board as set forth below. As of July 31, 2022, there were 10,000,000 shares of Series A Preferred issued and outstanding. The Board of Directors is authorized to determine any number of series into which the undesignated shares of preferred stock may be divided and to determine the rights, preferences, privileges and restrictions granted to any series of the preferred stock.

Common Stock

Common stock consists of \$0.0001 par value, 800,000,000 shares authorized, of which 511,621,968 shares were issued and outstanding as of July 31, 2022.

Common Stock Issued in Satisfaction of Convertible Judgments Payable

On February 18, 2022, the Company issued 27,044,110 shares in satisfaction of \$9,466 of Judgments Payable at a conversion rate of \$0.00035 per share pursuant to a court ordered judgment under Rule 3(a)(10).

Cancellation of Common Stock

On July 21, 2022, the Company cancelled 2,028,370 previously issued shares due to non-performance.

On February 21, 2022, the Company cancelled 25,015,740 previously issued shares due to non-performance.

Contributed Capital

On various dates between August 1, 2021 and July 25, 2022, Securities Counselors Group and Epidemiologic Solutions Corp. contributed capital in the combined amount of \$893,400 to pay expenses for operations.

Note 7 – Common Stock Warrants

Warrants to purchase a total of 485,850,000 shares of common stock at a weighted average strike price of \$0.01 were outstanding as of July 31, 2022.

Warrants Granted for Services

On April 24, 2022, the Company issued warrants to purchase 1,000,000 shares, exercisable at \$0.019 per share over a ten-year term, to an individual for services provided. The estimated fair value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 239% and a weighted average call option value of \$0.0188, was \$18,768.

On April 24, 2022, the Company issued warrants to purchase 500,000 shares, exercisable at \$0.019 per share over a ten-year term, to an individual for services provided. The estimated fair value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 239% and a weighted average call option value of \$0.0188, was \$9,384.

On January 22, 2022, the Company issued warrants to purchase 750,000 shares, exercisable at \$0.0196 per share over a ten-year term, to an individual for services provided. The estimated fair value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 292% and a weighted average call option value of \$0.0196, was \$14,685.

On January 15, 2022, the Company issued warrants to purchase 10,000,000 shares, exercisable at \$0.0206 per share over a ten-year term, to an individual for services provided. The estimated fair value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 293% and a weighted average call option value of \$0.0206, was \$205,788.

On December 15, 2021, the Company issued warrants to purchase 1,000,000 shares, exercisable at \$0.0175 per share over a ten-year term, to an individual for services provided. The estimated fair value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 297% and a weighted average call option value of \$0.0175, was \$17,484.

On December 5, 2021, the Company issued warrants to purchase 10,000,000 shares, exercisable at \$0.0188 per share over a ten-year term, to an individual for services provided. The estimated fair value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 300% and a weighted average call option value of \$0.0188, was \$187,853.

Halberd Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Note 7 – Common Stock Warrants (Continued)

Warrants Granted for Services (Continued)

On December 5, 2021, the Company issued warrants to purchase 1,000,000 shares, exercisable at \$0.0188 per share over a ten-year term, to an individual for services provided. The estimated fair value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 300% and a weighted average call option value of \$0.0188, was \$18,785.

On December 5, 2021, the Company issued warrants to purchase 350,000 shares, exercisable at \$0.0188 per share over a ten-year term, to an individual for services provided. The estimated fair value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 300% and a weighted average call option value of \$0.0188, was \$6,575.

Amended Warrants

On December 5, 2021, the Company cancelled previously issued warrants to purchase 250,000 shares, exercisable at \$0.0235 per share and issued new warrants to purchase 250,000 shares, exercisable at \$0.0188 per share over a ten-year term, to an individual for services provided. The estimated fair value of the warrants using the Black-Scholes Pricing Model, based on a weighted average volatility rate of 300% and a weighted average call option value of \$0.0188, was \$4,696, which was not materially different than the value of the cancelled warrants.

Note 8 – Income Taxes

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

As of July 31, 2022, the Company incurred a taxable net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. The Company had approximately \$4,195,000 of federal net operating loss carry forwards at July 31, 2022. The net operating loss carry forwards, if not utilized, will begin to expire in 2029.

The components of the Company's deferred tax asset are as follows:

	July 31, 2022	July 31, 2021
Deferred tax assets:		
Net operating loss carry forwards	\$ 880,950	\$ 640,500
Net deferred tax assets before valuation allowance	\$ 880,950	\$ 640,500
Less: Valuation allowance	(880,950)	(640,500)
Net deferred tax assets	\$ -	\$ -

Based on the available objective evidence, including the Company's history of losses, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at July 31, 2022 and 2021, respectively. The Company had no uncertain tax positions as of July 31, 2022. A reconciliation between the amounts of income tax benefit determined by applying the applicable U.S. and State statutory income tax rate to pre-tax loss is as follows:

	July 31, 2022	July 31, 2021
Federal and state statutory rate	21%	21%
Change in valuation allowance on deferred tax assets	(21%)	(21%)

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Note 9 – Commitments and Contingencies

The Company may be involved in various inquiries, administrative proceedings and litigation relating to matters arising from our operations prior to the change in management and spin-off of our subsidiary on July 31, 2012. The Company is not currently a defendant in any material litigation and is not aware of any threatened litigation that could have a material effect on the Company. Management is not able to estimate the minimum loss to be incurred, if any, as a result of the final outcome of these matters but believes they are not likely to have a material adverse effect upon the Company's financial position or results of operations and, accordingly, no provision for loss has been recorded.

The Company has received a binding funding commitment from Epidemiological Solutions Corporation, a charitable organization recently approved by the Internal Revenue Service and qualified under Internal Revenue Code section 501(c)(3), for \$2,000,000 to fund the Company's research and development endeavors. As of July 31, 2022, \$951,782 had been paid on this commitment, beginning with the first payment of \$21,782 on, or about, September 2, 2020, as presented as Contributed Capital within the Statement of Stockholders Equity (Deficit). The charitable organization is committed to monthly payments of \$50,000 pursuant to its sponsored research agreement with Arizona State University.

The Company performs research and development on its extracorporeal technological method of treating many disease states, including Alzheimer's Disease, PTSD, Parkinson's Disease, epilepsy and other neurodegenerative diseases, sepsis, meningitis and pandemics. These research and development activities are outsourced to Arizona State University (ASU) pursuant to an Industry Sponsored Research Agreement, which the Company and ASU entered into on September 1, 2020 (Research Agreement). The Research Agreement, which terminates on November 30, 2022, calls for monthly payments of \$50,000, not to exceed \$1,371,782. As of July 31, 2022, the Company has paid an aggregate \$1,034,282, leaving \$137,500 owed on the agreement.

On May 7, 2014, the Company entered into a court ordered settlement for a total of \$279,447 that is to be settled with the payment of shares of common stock pursuant to a Section 3(a)(10) exemption from the Securities Act of 1933's registration requirements. As of July 31, 2022, there was a balance outstanding of \$176,485 on this judgment that could be converted into approximately 278,690,243 shares of the Company's common stock at a rate of approximately \$0.00063 per share.

On November 25, 2014, a judgment in the amount of \$2,934,889 was awarded against the Company's wholly-owned subsidiary, Alaric Corporation. On April 29, 2016, a total of \$2,822,209 of this was relinquished pursuant to an exchange of properties. The remaining \$112,680 judgment was replaced on May 4, 2016, pursuant to a new judgment. As of July 31, 2022, there was a balance outstanding of \$30,449 on this judgment that could be converted into approximately 86,998,604 shares of the Company's common stock at a rate of approximately \$0.00035 per share.

As of July 31, 2022 and 2021, the aggregate market value of the Company's judgments payable in common stock was \$4,571,111 and \$15,591,498, respectively, based on the closing stock prices of \$0.0125 and \$0.039 per share, respectively.

Note 10 – Subsequent Events

The Company evaluates events that have occurred after the balance sheet date through the date hereof, which these financial statements were issued. No events occurred of a material nature that would have required adjustments to or disclosure in these financial statements except as follows:

Formation of Subsidiary

On September 26, 2022, the Company formed a wholly-owned subsidiary, named Extendalife, Inc. ("Extendalife"), and filed its Articles of Incorporation with the Colorado Secretary of State.

Subsidiary Name Change

On July 17, 2022, the Company changed the name of one of its wholly-owned subsidiaries, from Alaric Corporation to Halberd Covid Therapeutics, Ltd.

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Note 10 – Subsequent Events (Continued)

Financing Commitment

On September 24, 2022, the Company entered into a Strategic Alliance and Funding Agreement (“SAFA”) with Stem of Hope (“SOH”) and the Company’s recently formed subsidiary, Extendalife, Inc. Pursuant to the SAFA, Dr. Richard Goulding and Dr. Gabe Vlad intend to raise \$5,000,000 in exchange for up to 49% interest in Extendalife, whereas the proceeds are to be used for research and development on the longevity being facilitated through its contributions involving treatments for cancer and for Alzheimer’s, based on its success in in-vitro eradication of 11 inflammatory cytokines from cerebrospinal fluid linked directly to Alzheimer’s Disease, Parkinson’s Disease, Epilepsy, PTSD, and Suicide Ideation (depression). Approximately \$1,010,000 of these proceeds are dedicated towards compensation of officers, directors, employees and consultants for work performed related to this venture.

Capital Contributions

On various dates from August 4, 2022 through September 26, 2022, the Company received an aggregate \$53,550 in contributed capital from Securities Counselors Group.

Warrant Exercise

On August 3, 2022, a warrant holder exercised warrants to purchase 10,000,000 shares of common stock. The warrants were exercised on a cashless basis, resulting in the issuance of 4,252,874 shares of common stock.