



Global Cannabis Applications Corp.

**CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended June 30, 2020 and 2019

(Stated in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Cannabis Applications Corp.

### Opinion

We have audited the consolidated financial statements of Global Cannabis Applications Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2020 and 2019, and the consolidated statements of comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

*DML*

**DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC  
October 28, 2020



An independent firm  
associated with Moore  
Global Network Limited

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Stated in Canadian Dollars)

	<b>June 30, 2020</b>	June 30, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,171	\$ 6,980
GST receivable	15,584	15,097
Loan receivable (Note 6)	340,909	886,364
Prepaid expenses	-	17,500
	<b>359,664</b>	925,941
Deposit	-	11,500
Equipment (Note 5)	-	252
	<b>\$ 359,664</b>	\$ 937,693
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable (Note 7)	\$ 1,385,136	\$ 672,185
Accrued liabilities	418,846	536,253
Loan payable (Note 8)	413,268	385,563
	<b>2,217,250</b>	1,594,001
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	15,066,447	14,643,672
Subscriptions received (Note 9)	17,000	40,441
Share-based payment reserve (Note 9)	3,139,131	3,075,031
Deficit	(20,080,164)	(18,415,452)
	<b>(1,857,586)</b>	(656,308)
	<b>\$ 359,664</b>	\$ 937,693

Going concern (Note 1)

**Approved on behalf of the Board:**

*"Bradley Moore"*

Bradley Moore

*"Alexander Helm"*

Alexander Helm

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

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Stated in Canadian Dollars)

	<b>Year ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Expenses:</b>		
Accounting and audit fees	\$ 82,065	\$ 52,114
Amortization of intangible assets (Note 4)	-	162,675
Bank and interest charges (Note 8)	30,550	33,180
Consulting fees (Notes 6 and 7)	811,212	1,887,122
Depreciation of equipment (Note 5)	252	504
Impairment of intangible asset (Note 4)	-	406,688
Legal fees	16,368	189,177
Marketing	343,341	696,613
Office and miscellaneous	5,678	11,552
Research and development costs (Note 4)	13,918	1,134,288
Share-based payments (Notes 7 and 9)	-	624,940
Transfer agent, listing, and filing fees	21,553	51,734
Travel	12,070	124,296
	<b>(1,337,007)</b>	<b>(5,374,883)</b>
<b>Other items:</b>		
Change in fair value of loan receivable (Note 6)	(545,455)	(2,168,987)
Gain (loss) on debt settlement (Note 9)	217,750	(17,875)
	<b>\$ (1,664,712)</b>	<b>\$ (7,561,745)</b>
<b>Net and comprehensive loss</b>	<b>\$ (1,664,712)</b>	<b>\$ (7,561,745)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.08)</b>
<b>Weighted average number of common shares outstanding</b>	<b>109,152,219</b>	<b>93,506,660</b>

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

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Stated in Canadian Dollars)

	Year ended June 30, 2020	Year ended June 30, 2019
<b>Operating Activities</b>		
Net loss	\$ (1,664,712)	\$ (7,561,745)
Items not affecting cash:		
Depreciation and amortization	252	163,179
Impairment of intangible assets	-	406,688
Change in fair value of note receivable	545,455	2,168,987
Accrued interest	27,705	28,314
Loss (gain) from debt settlement	(217,750)	17,875
Non-cash consulting fee	-	61,087
Share-based compensation	-	624,940
Changes in non-cash working capital items:		
GST receivable	(487)	56,142
Prepaid expenses	29,000	102,867
Accounts payable and accrued liabilities	1,139,919	1,265,758
<b>Cash used in operating activities</b>	<b>(140,618)</b>	<b>(2,665,909)</b>
<b>Financing Activities</b>		
Shares subscriptions received (used), net	(23,441)	(12,375)
Shares issued for cash, net of issue costs	160,250	2,555,391
<b>Cash provided by financing activities</b>	<b>136,809</b>	<b>2,543,016</b>
<b>Investing Activities</b>		
Loan receivable	-	(500,000)
<b>Cash used in investing activities</b>	<b>-</b>	<b>(500,000)</b>
<b>Decrease in cash</b>	<b>(3,809)</b>	<b>(622,893)</b>
<b>Cash, beginning</b>	<b>6,980</b>	<b>629,873</b>
<b>Cash, ending</b>	<b>\$ 3,171</b>	<b>\$ 6,980</b>

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

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Stated in Canadian Dollars)

	<u>Share capital</u>							
	Number of Shares	Amount	Obligation to issue shares	Subscriptions Received	Share-based payment reserve	Deficit	Total	
<b>Balance, June 30, 2018</b>	<b>79,376,961</b>	<b>\$ 11,936,678</b>	<b>\$ 182,250</b>	<b>\$ 93,249</b>	<b>\$ 1,949,361</b>	<b>\$ (10,853,707)</b>	<b>\$ 3,307,831</b>	
Shares issued for cash, net of costs (Note 9)	15,184,762	1,912,418	-	-	481,056	-	2,393,474	
Shares issued for debt (Notes 8 and 9)	2,982,778	394,392	-	-	35,258	-	429,650	
Shares issued for exercise of options and warrants (Note 9)	1,575,000	217,934	-	-	(15,584)	-	202,350	
Shares issued for OPINIT (Notes 4 and 9)	1,500,000	182,250	(182,250)	-	-	-	-	
Subscriptions received	-	-	-	(52,807)	-	-	(52,807)	
Share based payments (Note 9)	-	-	-	-	624,940	-	624,940	
Net and comprehensive loss	-	-	-	-	-	(7,561,745)	(7,561,745)	
<b>Balance, June 30, 2019</b>	<b>100,619,501</b>	<b>14,643,672</b>	<b>-</b>	<b>40,441</b>	<b>3,075,031</b>	<b>(18,415,452)</b>	<b>(656,308)</b>	
Shares issued for cash, net of costs (Note 9)	3,205,000	96,150	-	(40,441)	64,100	-	119,809	
Shares issued for debt (Note 9)	10,887,500	326,625	-	-	-	-	326,625	
Subscriptions received (Note 12)	-	-	-	17,000	-	-	17,000	
Net and comprehensive loss	-	-	-	-	-	(1,664,712)	(1,664,712)	
<b>Balance, June 30, 2020</b>	<b>114,712,001</b>	<b>\$ 15,066,447</b>	<b>\$ -</b>	<b>\$ 17,000</b>	<b>\$ 3,139,131</b>	<b>\$ (20,080,164)</b>	<b>\$ (1,857,586)</b>	

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

# GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Stated in Canadian Dollars)

## 1. Nature and Continuance of Operations

Global Cannabis Applications Corp. (the “Company” or “Global Cannabis”) was incorporated on July 14, 2014, under the *Business Corporations Act* (British Columbia). The Company’s shares trade on the Canadian Securities Exchange (“CSE”) under the trading symbol “APP”. The head office of the Company is Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6. The registered and records office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, BC V6E 4N7. The Company designs and develops data technologies and applications for the medical cannabis industry.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2020, the Company has not generated any revenues from operations and has an accumulated deficit of \$20,080,164 (June 30, 2019: \$18,415,452). The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Management intends to finance operating costs over the next twelve months with private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating and capital requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

## 2. Statement of Compliance

These financial statements were authorized for issue on October 28, 2020, by the directors of the Company.

### *Statement of Compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) as applicable to the preparation of annual financial statements.

## 3. Significant Accounting Policies and Basis of Preparation

### *Basis of Measurement*

These consolidated financial statements have been prepared on an accrual basis except for certain financial instruments, and are based on historical costs. These financial statements are presented in Canadian dollars which is also the Company’s functional currency.

### *Consolidation*

These consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		June 30, 2020	June 30, 2019
Antisocial Holdings Ltd. **	Canada	100%	100%
FORO Technologies Inc. **	Canada	100%	100%
GCAC Europe UAB	Lithuania	100%	100%
Citizen Green OU **	Estonia	45.8%	45.8%
GCAC Australia Pty Ltd. **	Australia	61%	61%
OPINIT LLC **	USA	100%	100%

\* Percentage of voting power is in proportion to ownership.

\*\* These companies are dormant.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.



## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Stated in Canadian Dollars)

### *Significant Estimates and Assumptions*

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

### *Significant Judgements*

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's accounting policies in these financial statements were:

- Evaluating whether or not costs incurred by the Company in developing its data technologies and applications meet the criteria for capitalizing as intangible assets. Management determined that as at June 30, 2019 and 2020, it was not able to demonstrate with sufficient certainty that it is probable the economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.
- Evaluating whether or not there are indicators of impairment relating to the costs capitalized as intangibles by the Company for its data technologies and applications are assessed for indicators of impairment.
- Evaluating whether or not the Company can recover its loan receivable.
- Estimation of the fair value of the loan receivable.

Other significant judgments in applying the Company's accounting policies relate to the assessment of the Company's ability to continue as a going concern (Note 1) and the classification of its financial instruments.

### *Foreign currency translation*

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the presentation currency of the Company. The functional currency of the Company's subsidiaries is as follows:

<b>Subsidiary</b>	<b>Functional Currency</b>
Foro Technologies Inc.	Canadian dollars
GCAC Europe UAB	Canadian dollars
Citizen Green OU	Euro
GCAC Australia Pty	AUD
Opinit LLC	USD

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Stated in Canadian Dollars)

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

### *Financial instruments*

#### Classification:

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

<b>Financial assets/liabilities</b>	<b>Classification</b>
Cash	FVTPL
Loan receivable	FVTPL
Accounts payable	Amortized cost
Loan payable	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders’ equity at the beginning of the annual reporting period ending June 30, 2019, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on July 1, 2018.

#### Measurement:

##### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

##### Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated interim statements of operations and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of operations and comprehensive income (loss) in the period in which they arise.

##### Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Stated in Canadian Dollars)

### Impairment of financial assets at amortized cost:

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated interim statements of operations and comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

### Derecognition:

#### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated interim statements of operations and comprehensive income (loss).

#### Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss

### *Equipment*

Equipment is recorded at cost, less accumulated depreciation and accumulated impairment changes.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in net earnings over the estimated useful lives of each part of an item of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits of the asset.

Depreciation is recognized as follows: Computer equipment      20% - 50% declining balance

### *Intangibles*

Separately acquired intellectual property and intellectual property rights, application software, and trademarks are recorded at cost. Intellectual property and intellectual property rights, application software, and trademarks acquired in a business combination are recognized at fair value at the acquisition date. Intellectual property and intellectual property rights, application software, and trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the items over their estimated useful lives of five years.

### *Research and development*

Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment changes. These costs are amortized on a straight-line basis over the estimated useful life of five years.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Stated in Canadian Dollars)

### *Share-based payments*

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option or warrant reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### *Loss per share*

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Because the Company has reported a net loss for the periods presented, the effect of options and warrants would be anti-dilutive. Accordingly, diluted loss per share equals basic loss per share.

### *Cash*

Cash includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### *Income taxes*

#### Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred income tax:

Deferred income tax is provided annually, using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed annually, at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Consolidated Financial Statements

Year ended June 30, 2020

(Stated in Canadian Dollars)

### *Accounting Policies Adopted During the Period*

#### IFRS 16 Leases:

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Company has no leases so there has been no impact on the financial statements.

### *New Standards and Interpretations Not Yet Adopted*

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## 4. Intangible Assets

	OPINIT	Serum	Foro and Truth	Total
<b>Cost:</b>				
<b>Balance June 30, 2019 and 2020</b>	<b>\$ 813,375</b>	<b>\$ 60,000</b>	<b>\$ 354,842</b>	<b>\$ 1,228,217</b>
<b>Accumulated amortization:</b>				
Balance June 30, 2018	244,013	60,000	354,842	658,855
Impairment	406,688	-	-	406,688
Amortization	162,675	-	-	162,675
<b>Balance June 30, 2019 and 2020</b>	<b>\$ 813,375</b>	<b>\$ 60,000</b>	<b>\$ 354,842</b>	<b>\$ 1,228,217</b>
<b>Carrying amount:</b>				
<b>Balance June 30, 2019 and 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

On September 21, 2016, the Company completed the acquisition of OPINIT LLC ("OPINIT"), holder of a mobile application, for which the Company issued 7,500,000 shares for 100% of the issued and outstanding shares of OPINIT. Of the 7,500,000 shares, 3,500,000 shares with a fair value of \$472,500 were issued immediately and the 4,000,000 shares (the "Milestone Shares") were subject to release restrictions whereby they were to be released upon achievement of certain milestones. A total of 2,000,000 of the Milestone Shares were to be released upon the completion of the development and release of the BETA version of the university instance desktop portal including integration feeds from OPINIT mobile application and the Foro mobile application. The remaining 2,000,000 Milestone Shares were to be released pro-rata to the Opinit Shareholders in connection with the combined user counts of both the OPINIT mobile application and the Foro Mobile Application. The Milestone Shares were valued on the date of the acquisition based on the probability that they would be realized in the future and an additional \$317,250 was recorded as an obligation to issue shares. On December 28, 2016, the total combined user count was over 300,000, accordingly, the Company released 1,000,000 Milestone Shares with a fair value of \$135,000. In addition to the shares released for the milestone, 50,000 shares with a fair value of \$2,000 were issued for advisory fees related to reaching the milestone. On November 30, 2018, the Company came to an agreement with the original Opinit Shareholders whereby it issued 1,500,000 shares with a fair value of \$182,250 pro-rata to the Opinit Shareholders to cancel any remaining milestone requirements (Note 9). This final payment reduced the obligation to issue shares by \$182,250 to \$Nil. On June 30, 2019 the OPINIT mobile application was fully impaired and the Company recorded an impairment of \$406,688.

In 2014, the Company acquired the Serum, Foro and Truth mobile applications and commenced development of the Citizen Green mobile application in 2016. By the year ended June 30, 2018, the Serum and Foro and Truth applications were fully impaired.

## GLOBAL CANNABIS APPLICATIONS CORP.

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During the year ended June 30, 2020, costs incurred of \$13,918 (2019: \$1,134,288) have been expensed as research and development as these costs do not meet capitalization criteria.

### 5. Equipment

<b>Cost:</b>	
Balance, June 30, 2018, 2019 and 2020	\$ 7,067
<b>Accumulated depreciation:</b>	
Balance June 30, 2018	\$ 6,311
Depreciation	504
Balance June 30, 2019	6,815
Depreciation	252
Balance June 30, 2020	\$ 7,067
<b>Carrying amount:</b>	
As at June 30, 2019	\$ 252
As at June 30, 2020	\$ -

### 6. Loan Receivable

During the year ended June 30, 2018, the Company entered into a loan agreement whereby it is committed to loan a arm's-length party (the "Borrower") \$4,000,000. The loan was to be used to support the marketing and listing of the Company's proposed crypto currency token which, at the June 30, 2019, the Company is no longer pursuing. During the year ended June 30, 2019, the Company advanced \$500,000 (2018: \$3,000,000) to the Borrower. The term of the loan is one year, and the loan bears no interest prior to the maturity date and 12% per annum after the maturity date of April 6, 2019. The loan is secured by 13,636,363 shares of the Company owned by a significant shareholder. The Company determined the fair value of the \$3,000,000 advanced to be \$2,500,000 using a discount rate of 20% over the one year term of the loan. The Company expensed the discount of \$500,000 as a consulting fee during the year ended June 30, 2018. During the year ended June 30, 2019, the Company advanced the Borrower an additional \$500,000. The Company determined the fair value of this portion of the loan receivable to be \$438,913 using a discount rate of 20% over the remaining term of the loan. The Company expensed the discount of \$61,088 as a consulting fee.

Upon the adoption of IFRS 9, the Company classified the loan receivable as FVTPL as it is not held solely for purposes of principal and interest. At June 30, 2020, the fair value of the loan was estimated to be \$340,909 (2019: \$886,364), based on the fair value of the underlying security. The change in the fair value of the loan of \$545,455 (2019: \$2,168,987) was recorded in the statement of comprehensive loss.

### 7. Related Party Transactions

#### *Key management compensation*

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. The Company considers its Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer, and directors of the Company to be key management. The Company has incurred charges during the year from directors and senior management, or companies controlled by them, for consulting fees in the amount of \$511,000 (2019: \$846,612).

During the year ended June 30, 2020, share based compensation for key management during the year totaled \$Nil (2019: \$225,910).

At June 30, 2020, a balance of \$435,493 (2019: \$318,768) was owing to related parties and included in accounts payable. These amounts are unsecured, non-interest bearing and due on demand.

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### 8. Loan Payable

During the year ended June 30, 2017, all the short term loans and outstanding interest were renegotiated and consolidated into a single unsecured, due on demand loan. The loan bears an interest of 7% per annum. The Company paid the lender \$75,000 as an arrangement fee in connection with the re-negotiation which was recorded as reduction of the debt. On October 30, 2018, the Company issued 600,000 units with a fair value of \$108,000 as payment towards the outstanding amount (Note 9). The loan was renewed during the year ended June 30, 2019 and again during the year ended June 30, 2020. The loan is due on December 31, 2020.

Loan payable changes are as follows:

	Principal	Interest	Total
Balance June 30, 2018	\$ 418,716	\$ 46,533	\$ 465,249
Repayments in units (Note 9)	(108,000)	-	(108,000)
Interest	-	28,314	28,314
Balance June 30, 2019	310,716	74,847	385,563
Interest	-	27,705	27,705
<b>Balance June 30, 2020</b>	<b>\$ 310,716</b>	<b>\$ 102,552</b>	<b>\$ 413,268</b>

### 9. Share Capital

#### a) Authorized

Unlimited common shares, without par value.

#### b) Issued

##### During the year ended June 30, 2020

On November 22, 2019, the Company issued 3,205,000 units at a price of \$0.05 per unit for gross proceeds of \$160,250. Each unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of two years from closing at an exercise price of \$0.085 per common share. The value allocated to the warrants was \$64,100 using the residual method.

On November 22, 2019, the Company settled an aggregate of \$544,375 in debt through the issuance of 10,887,500 common shares, each issued with a fair value of \$0.03, to various creditors of the Company. The Company recognized a gain on debt settlement of \$217,750 in connection with the debt settlement.

##### During the year ended June 30, 2019

On April 5, 2019, the Company closed a non-brokered private placement of 3,662,566 units at a price of \$0.075 per unit for gross proceeds of \$274,692. Each unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company at a purchase price of \$0.135 per common share until April 5, 2021. Finders' fees in the form of cash commissions totalling \$1,575 and 21,000 non-transferable finders' warrants (issued with a fair value of \$1,150 according to the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 1.59%, expected dividend yields – 0%, and average expected stock volatility – 138%) were paid and issued. Each finder's warrant entitles the holder to purchase one additional common share of the Company at a purchase price of \$0.135 per common share until April 5, 2021. In addition, the Company settled an aggregate of \$89,375 in debt through the issuance of 1,191,666 common shares, each issued with a fair value of \$107,250, to various creditors unrelated to the Company.

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On November 30, 2018, the Company issued 1,500,000 shares pro-rata to the original OPINIT Shareholders to cancel any remaining milestone requirements (Note 4).

On November 27, 2018, the Company closed a non-brokered private placement for gross proceeds of \$81,000 whereby it issued 450,000 units at a price of \$0.18 per unit. Each financing unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share. Finders' fees in the form of cash commissions totalling \$5,670 and 31,500 non-transferable finders' warrants (issued with a fair value of \$2,500 according to the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 2.23%, expected dividend yield – 0%, and average expected stock volatility – 138%) have been paid and issued. Each finder's warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share.

On November 27, 2018, the Company settled an aggregate of \$124,900 in debt through the issuance of 693,890 units with a fair value of \$124,900 to various creditors, one of whom is a director and officer of the company. Each creditor unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share.

On October 30, 2018, the Company closed a non-brokered private placement for gross proceeds of \$524,901 whereby it issued 2,916,116 units at a price of \$0.18 per unit. Each financing unit consists of one common share and one common share purchase warrant, whereby each warrant entitling the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 cents per common share. Finders' fees in the form of cash commissions totalling \$31,598 and 175,544 non-transferable finders' warrants (issued with a fair value of \$19,352 according to the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 2.31%, expected dividend yield – 0%, and average expected stock volatility – 158%) have been paid and issued. Each finder's warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share.

On October 30, 2018, the Company settled an aggregate of \$197,500 in debt (including \$108,000 of loan payable – see Note 8) through the issuance of 1,097,222 units with a fair value of \$197,500 to various creditors, one of whom is a director and officer of the company. Each creditor unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share.

On July 18, 2018, the Company closed a non-brokered private placement for 7,742,267 units at a price of \$0.21 per unit for gross proceeds of \$1,625,876. Each unit was comprised of one common share of the Company and one common share purchase warrant exercisable to purchase one additional common share of the Company at a price of \$0.33 cents for a period of 24 months expiring July 18, 2020. In connection with the private placement, the Company paid finders' fees of \$74,152 and issued 514,811 finders' warrants. In addition, the Company issued an aggregate of 413,813 finders' units to certain finders. Each finder's warrant has the same terms as the warrants, and each finder's unit has the same terms as the units. The Company determined the total fair value of the finders' warrants and the warrants within the finders' units to be \$103,452 according to the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 1.94%, expected dividend yield – 0%, and average expected stock volatility – 160%)

The Company issued 1,275,000 common shares for total proceeds of \$172,350 pursuant to the exercise of warrants.

The Company issued 300,000 common shares for total proceeds of \$30,000 pursuant to the exercise of stock options.



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**c) Warrants**

The continuity schedule of the Company's warrants is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
Balance, June 30, 2018	26,818,659	\$ 0.38
Issued	17,718,729	0.29
Exercised	(1,275,000)	0.14
Expired	(2,446,783)	0.15
Balance, June 30, 2019	40,815,605	0.36
Issued	3,205,000	0.085
Expired	(19,361,876)	0.46
<b>Balance, June 30, 2020</b>	<b>24,658,729</b>	<b>\$ 0.24</b>

The following table details the warrants outstanding and exercisable at June 30, 2020:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
8,670,891	\$0.33	July 18, 2020
4,188,882	\$0.33	October 30, 2020
1,175,390	\$0.33	November 27, 2020
3,683,566	\$0.135	April 5, 2021
900,000	\$0.30	June 2, 2021
2,835,000	\$0.10	August 11, 2022
3,205,000	\$0.085	November 22, 2021
<b>24,658,729</b>	<b>\$0.24</b>	

At June 30, 2020, the weighted average remaining contractual life of all warrants outstanding was 0.67 years.

**d) Share-based compensation**

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant, subject to a minimum exercise price of \$0.10, and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

During the year ended June 30, 2020, the Company did not grant any incentive stock options.

During the year ended June 30, 2019, the Company granted a total of 4,640,000 incentive stock options with exercise prices ranging from \$0.10 to \$0.29 for five year periods.

A continuity schedule of the Company's share purchase options is as follows:

	<b>Options</b>	<b>Weighted Average Exercise Price</b>
Balance June 30, 2018	5,850,000	\$ 0.29
Granted	4,640,000	0.14
Expired/forfeited	(1,505,000)	0.21
Exercised	(300,000)	0.10
Balance June 30, 2019	8,685,000	0.23
Expired/forfeited	(1,880,000)	0.38
<b>Balance June 30, 2020</b>	<b>6,805,000</b>	<b>\$ 0.18</b>

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Details of the Company's outstanding and exercisable stock options at June 30, 2020, is as follows:

<b>Exercise price</b>	<b>Remaining contractual life (years)</b>	<b>Number of options outstanding</b>	<b>Expiry Dates</b>
\$0.26	0.10	105,000	August 4, 2020
\$0.26	0.86	900,000	May 10, 2021
\$0.15	1.32	200,000	October 24, 2021
\$0.10	1.68	300,000	March 7, 2022
\$0.135	2.20	500,000	September 11, 2022
\$0.315	2.40	25,000	November 22, 2022
\$0.395	2.40	500,000	November 24, 2022
\$0.64	2.59	50,000	January 31, 2023
\$0.37	2.66	100,000	February 27, 2023
\$0.325	2.72	125,000	March 19, 2023
\$0.265	2.76	55,000	April 3, 2023
\$0.365	2.87	75,000	May 14, 2023
\$0.165	3.12	50,000	August 11, 2023
\$0.225	3.25	450,000	September 28, 2023
\$0.23	3.26	35,000	October 3, 2023
\$0.18	3.32	15,000	October 23, 2023
\$0.17	3.32	155,000	October 26, 2023
\$0.185	3.34	50,000	November 2, 2023
\$0.14	3.42	35,000	November 30, 2023
\$0.12	3.45	500,000	December 13, 2023
\$0.10	3.51	175,000	January 1, 2024
\$0.13	3.53	400,000	January 8, 2024
\$0.105	3.55	700,000	January 17, 2024
\$0.10	3.58	50,000	January 29, 2024
\$0.10	3.62	50,000	February 13, 2024
\$0.10	3.64	35,000	February 19, 2024
\$0.10	3.66	50,000	February 27, 2024
\$0.10	3.82	20,000	April 24, 2024
\$0.10	3.87	1,025,000	May 13, 2024
\$0.10	3.91	75,000	May 28, 2024
<b>\$0.18</b>	<b>2.99 years</b>	<b>6,805,000</b>	

During the year ended June 30, 2019, stock based compensation of \$624,940 was recognized on the grant of stock options. The weighted average grant date fair value of the options was \$0.13. The Company uses the Black-Scholes Option Pricing Model using the following weighted assumptions during this period: expected life – 4 years, average risk-free interest rate 2.89% - 1.47%, expected dividend yield – 0%, and average expected stock price volatility – 290%.

**e) Share based payment reserve**

The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or finders' warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. During the year ended June 30, 2020, an amount of \$64,100 (2019 - \$354,602) was allocated to warrants under this method.

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### f) Loss per share

The calculation of basic and diluted loss per share for the year ended June 30, 2020, was based on the loss attributable to common shareholders of \$1,664,712 (2019: \$7,561,745) and the weighted average number of common shares outstanding of 109,152,219 (2019: 93,506,660).

## 10. Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its loan receivable. This risk is partially managed by loan security of 13,636,363 shares of the Company and a personal guarantee from an individual related to the lender.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

### *Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as cash is non interest bearing and liabilities bear interest at a fixed rate as at June 30, 2020.

### *Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

### *Fair value*

The carrying value of cash, loan accruals, accounts payable and loan payable approximate their fair value due to the relatively short-term nature of these instruments.

### *Capital Risk Management*

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

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The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements. There were no changes in management's approach to managing capital.

### 11. Income Taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	June 30, 2020	June 30, 2019
Net loss for the year	\$ (1,644,712)	\$ (7,561,745)
Canadian federal and provincial income tax rates	27%	27%
Expected income tax recovery	(444,072)	(2,042,481)
Non-deductible items	(58,793)	168,734
Other	(84,624)	(112,108)
Change in valuation allowance	587,489	1,985,855
	\$ -	\$ -

The Company has the following tax effected deductible temporary differences for which no deferred tax asset has been recognized:

	June 30, 2020	June 30, 2019
Non-capital loss carry-forwards	\$ 3,582,892	\$ 3,106,913
Share issuance costs	84,147	119,978
Equipment and intangibles	246,521	246,453
Note receivable	879,363	732,090
	\$ 4,792,923	\$ 4,205,434

The Company has accumulated tax losses and other tax pools which may be used to reduce future year's taxable income. These amounts expire as follows:

2034	\$ 97,474
2035	990,097
2036	1,412,048
2037	1,209,064
2038	3,846,131
2039	4,265,697
2040	1,449,462
	\$ 13,269,970

A valuation allowance has been recorded against the deferred income tax assets associated with the tax losses and temporary differences because of the uncertainty of their recovery.

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### **12. Subsequent Events**

On September 28, 2020, the Company closed a non-brokered private placement and issued 772,727 units at a price of \$0.022 per unit for gross proceeds of \$17,000 (received prior to June 30, 2020) and 39,281,068 units at a deemed price of \$0.022 per unit to settle an aggregate of \$864,184 in debt to various creditors of the Company. Each unit consist of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of three years from closing at an exercise price of \$0.05 per common share. No finders' fees were paid in connection with the private placement.

By agreement dated August 31, 2020, the Company entered into a software license and support agreement. The Company will pay the licensor a one-time fee of US\$302,500 for master license, settled by issuance of 18,224,250 units at \$0.022 per unit, included in the debt settlement mentioned above. The Company will also pay one-time branding fee of US\$20,000 for each branded app for a licensee designated third party. There will also be a US\$42,000 annual operations and maintenance fee payable in monthly instalment of \$3,500. The term is for one year, renewing automatically unless a notice of termination is provided.

On October 14, 2020, the Company signed a definitive three-year software licensing deal with Bless Cultivation Ltd., an Israeli-based medical cannabis cultivator. The agreement includes a one-time payment of US\$12,500 to configure the Bless cultivator inside Citizen Green (Note 4); a recurring monthly fee of US\$499; a recurring fee of US\$75 per medical cannabis shipment and/or product that Bless requires formal blockchain attestations for regulatory or export/customs compliance; a recurring fee of US\$50 per registered user per month for compliance checks.