



GLOBAL CANNABIS APPLICATIONS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended September 30, 2021

1.1 Date of Report: November 29, 2021

The following Management Discussion and Analysis (“MD&A”) of Global Cannabis Applications Corp. (the “Company” or “Global Cannabis” or “GCAC”) has been prepared by management, in accordance with the requirements of National Instrument 51-102, and should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto for the three months ended September 30, 2021.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the consolidated financial statements and MD&A, is complete and reliable. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Forward-Looking Statements

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company’s plans to acquire users for its products;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and
- the timing, pricing, completion, and regulatory approvals of proposed financings if applicable.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company’s ability to predict or control, including, but not limited to, risks related to the Company’s ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under “Risk Factors”.

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions, which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technology companies specifically;
- the Company’s ability to roll out its business plan which includes new product launches and associated planning in production, sales, distribution and marketing; and,
- the Company’s ability to secure and retain employees and contractors to carry out its business plans.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on

forward-looking statements.

1.2 Overall Performance

Nature of Business and Overall Performance

The Company was incorporated on July 14, 2014, under the *Business Corporation Act* (British Columbia) under the name of Kluster Technologies Inc. On August 1, 2014, the Company changed its name to Antisocial Holdings Ltd. and later changed its name to Fundamental Applications Corp. (“Fundamental”) on September 2, 2014. On April 10, 2017, the Company changed its name to Global Cannabis Applications Corp.

On September 18, 2014, the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol “FUN”. On April 18, 2017, in connection with the Company’s change of name, the Company commenced trading on the 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, British Columbia, V6E 4N7.

Global Cannabis is a global leader in designing, developing, marketing and acquiring innovative data technologies for the medical cannabis industry. The Citizen Green platform is the world’s first end-to-end – from patient to regulator – medical cannabis data solution. It uses six core technologies: mobile applications, artificial intelligence, RegTech, smart databases, blockchain and GCAC smart rewards to qualify candidates for clinical studies. These technologies facilitate the proliferation of digital conversations by like-minded people in the medical cannabis community. Driven by digital and cannabis industry experts, GCAC is focused on viral global expansion by providing the best digital experience in the cannabis market.

Since June 2017, GCAC has developed proprietary software and acquired 3rd party solutions to complete the Citizen Green platform which is now complete and in its commercialization stage. Sales and marketing efforts have commenced in relation to expanding users of the platform and to join with strategic partners within the cannabis industry to contribute key data to the underlying databases while providing a valuable industry specific tool for their customers.

The Citizen Green platform consists of the following solutions:

Efixii (for Cannabis)

Efixii is a blockchain-secured data acquisition front-end that GCAC helped re-engineer to align with the medical cannabis industry. Global Cannabis’ 3T immutably records every step in a plants life cycle prior to being administered as a treatment. It is this level of traceability that growers, practitioners and consumers require in order to accurately measure efficacy and to ensure product consistency.

GCAC licenses Citizen Green to medical cannabis & CBD producers & retailers. Citizen Green’s Prescriptii patient care component, and its efficacy-driven algorithms, are also integrated with Efixii’s blockchain platform, thus creating what Company believes to be the world’s first complete efficacy-driven, seed-to-shop-to-seed, cannabis solution.

Prescriptii Patient-Care Solution

Prescriptii is an integrated desktop and mobile solution for medical cannabis business optimization with the following benefits:

Better Patient Outcomes

The retail application is used to register patients and collect information about their specific ailment and treatment journey. Using a proprietary Pain to Strain machine learning engine, Prescriptii can make suitable product recommendations for the patient.

Optimized Business Operations

By tracking each patient’s medical cannabis journey, Prescriptii allows retailers to provide individually tailored treatment plans. The system tracks the amount and type of product used providing for inventory management and pricing optimization for the retailer.

Medical Cannabis Data Growth

As Prescriptii captures each patient's experience through a customer mobile application on an ongoing basis, the information is added to GCAC's growing repository of medical cannabis data insights. The database includes medical cannabis study data, clinical trial data, and anecdotal insights captured from many different and highly regarded sources. As more and more patient information is included in the repository, it becomes smarter and is able to make improved product recommendations for each patient.

1.3 Selected Annual Information

n/a – annual requirement

1.4 Results of Operations

Three months ended September 30, 2021, compared to 2020

The Company incurred a net and comprehensive income of \$393,528 for the three months ended September 30, 2021, (the "Current Period") compared to a net and comprehensive loss of \$1,028,063 for the three months ended September 30, 2020 (the "Comparative Period").

The difference in net and comprehensive loss incurred during the Current Period, compared to that incurred during the Comparative Period was largely a result of the following:

- The Company recorded a gain on debt settlement of \$Nil during the Current Period compared to \$919,248 in the Comparative Period.
- Consulting Fees increased by \$30,739 to \$186,239 (Comparative Period: \$155,500) as the Company has increased its use of consultants during the period for product-related services.
- Marketing increased by \$68,500 to \$68,500 (Comparative Period: \$Nil) due to a continued marketing push between June 2021 and September 2021.
- Share based compensation during the Current Period was \$46,518 from the grant of stock options. There were no options granted in the Comparative Period.
- The Company recorded a gain in the fair value of the loan receivable of \$68,182 during the Comparative Period. There was no comparative entry for the Current Period. See Note 7 of the accompanying financial statements for more information.

The Company has reduced its expenditures during the Comparative Period in response to the coronavirus COVID-19 global pandemic and a resulting decrease in activity.

1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters.

<u>Three Months Ended</u>	<u>Total Revenues</u>	<u>Net (Loss) gain</u>	<u>Loss Per Share (basic and diluted)</u>
September 30, 2021	\$1,840	(393,528)	\$0.00
June 30, 2021	\$3,360	1,665,458	\$0.02
March 31, 2021	Nil	(37,889)	\$0.00
December 31, 2020	Nil	(277,654)	\$0.00
September 30, 2020	Nil	(1,028,062)	\$0.01
June 30, 2020	Nil	(86,051)	\$0.00
March 31, 2020	Nil	(845,118)	\$0.01
December 31, 2019	Nil	(466,796)	\$0.00

The Company continued to build the Citizen Green platform including blockchain technologies within the platform. The platform is designed for medical cannabis retailers to build loyalty with patients while growing

their underlying retail business. Up to the quarter ended December 31, 2019, the Company increased its efforts to complete the Citizen Green platform and related apps and began marketing the product prior to its commercial release. This was followed by a significant decrease in expenditures related to consulting, marketing, research and development as the platform has entered the commercialization stage. During the quarters ended December 31, 2019 and March 31, 2020, the Company continued its marketing to potential partners in the cannabis industry, and continued developing its monetization strategies while significantly decreasing its development and consulting costs. During the quarters ended June 30, 2020, September 30, 2020, and December 31, 2020, the Company continued working towards partnerships with strategic industry participants. The quarter ended March 31, 2021, saw client engagements and the commencement of revenue from clients in connection with an ongoing sales effort which continued through the quarter ended June 30, 2021. The quarter ended June 30, 2021, included a gain in fair value of loan receivable of \$3,068,183 in connection with the return to treasury of shares held as security for a loan receivable (see Note 7 in the accompanying financial statements). The quarter ended September 30, 2021, saw continued marketing of the Company's product.

1.6 Liquidity

As at September 30, 2021, the Company had a working capital deficit of \$877,339 (\$589,949 in cash, \$38,988 in prepaid expenses, \$11,457 in GST and other receivables, \$450,717 in loan payable, \$666,122 in accounts payable and \$390,561 of accruals, \$19,800 of deferred revenue) compared to a working capital deficit of \$474,979 (\$1,016,931 in cash, \$45,100 in prepaid expenses, \$29,985 in GST and other receivables, \$442,965 in loan payable, \$719,329 in accounts payable and \$383,061 of accruals, 21,640 of deferred revenue) at June 30, 2021.

The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based on current information, the Company anticipates that its working capital is insufficient to meet its expected ongoing obligations for the coming year.

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of stock options or warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

1.7 Capital Resources

At September 30, 2021, the capital of the Company consists of cash in the bank, loan receivable, and GST/HST and other receivables totaling \$640,394. The Company will have to generate additional cash from either debt or equity raised through the Canadian public markets to meet its commitments.

As at September 30, 2021, the Company had 15,515,000 stock options with exercise prices between \$0.10 and \$0.64, and 66,529,778 warrants with exercise prices between \$0.05 and \$0.26 which, if all exercised, would generate cash proceeds of \$8,132,533. There is no assurance that these exercises will occur.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

Related party transactions are comprised of services rendered by directors and/or officers of the Company or a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

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. During the three months ended September 30, 2021, the Company entered into the following transactions with key management personnel:

	Three months ended	
	September 30, 2021	September 30, 2020
Fees paid or accrued to the CEO (B. Moore)	\$ 65,000	\$ 60,000
Fees paid or accrued to companies controlled by the CFO (A. Helmelt)	22,500	24,000
Fees paid or accrued to the CMO (Hanan Gelbendorf)	22,715	37,500

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At September 30, 2021, a balance of \$33,000 (June 30, 2021: \$75,243) was owing to related parties and included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

1.10 Highlights (First Quarter)

The Company continued to identify new technologies to enhance the Citizen Green offering, finalizing data pricing models, completion of market evaluations, engaging in marketing programs, and identifying key strategic relationships.

Highlights from the first quarter include:

- On July 8, 2021, the Company announced that it will be launching its Web shop portal for medical cannabis patients. This launch is part of its core business as a Health Canada medical cannabis sales licence holder, under the Cannabis Act.
- On August 12, 2021, the Company announced that it has accepted an invitation from the Canadian Chamber of Commerce to join the National Cannabis Working Group and the International Cannabis Council.
- On September 2, 2021, the Company announced that it has purchased USD\$2,000 worth of GCAC Tokens on Uniswap as part of its marketing campaign aimed at the one-million-decentralized-finance-user community.
- On September 7, 2021, the Company announced that it has received formal approval of the Efixii blockchain-based cannabis compliance technology by the Israel government for its commercial use in cannabis cultivation research for Israeli cultivators.
- On October 21, 2021, the Company announced that it has entered an agreement with Emtri Group to form a sales, marketing and blockchain lending partnership.
- On October 26, 2021, the Company announced that it will release its Web-based Prescriptii Patient Experience (PPE). The free-to-use website empowers each cannabis consumer with data to help make better choices for their personal medical needs.
- On November 16, 2021, the Company's shares began trading on the OTCQB market.

1.11 Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those which have been disclosed in the Company's news releases.

1.12 Critical Accounting Estimates

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, impairment of intangible assets, expected life of intangible assets, 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 11 of the accompanying financial statements.

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 financial policies in the accompanying 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 September 30, 2021 and June 30, 2021, 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.
- Judgement and estimation is involved with respect to the assessment of whether digital currencies that are not traded in active markets are impaired. Management uses all possible evidence in determining if the digital currencies are impaired. Judgement is also required in determining if a digital currency is traded in an active market.
- Management applies judgment in assessing revenue recognition related to software licenses, subscriptions, support and maintenance, and other services and involves an assessment of whether the deliverable is a distinct performance obligation that provides a benefit to the customer that is not dependent upon other components of the arrangement.

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.

1.13 Changes in Accounting Policies

There are no changes in accounting policies during this period other than those disclosed within the accompanying financial statements.

1.14 Financial Instruments and Risk Management

As at September 30, 2021, the Company's financial instruments consist of cash, loan receivable, accounts payable and accrued liabilities.

Fair value

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed to varying degrees to a variety of risks:

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 was on its cash. Management believes that the credit risk with respect to cash is minimal as balances are held with a high-credit quality financial institution.

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 September 30, 2021.

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, 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.

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This ongoing contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company has been affected as this and it may impact future funding.

1.15 Other MD&A Requirements

This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the year ended June 30, 2021. This MD&A is intended to assist the reader's understanding of the Company and its operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at www.sedar.com.

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is

also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee is free to meet with the independent auditors throughout the year.

Summary of Outstanding Share Data

The following table outlines common shares, stock options, and warrants issued and outstanding as at September 30, 2021, and the date of this report:

	September 30, 2021	Date of this report
Common shares	179,145,424	180,152,483
Stock Options	15,515,000	13,615,000
Warrants	66,529,778	64,497,719
Fully Diluted	260,440,202	258,265,202

Directors and Officers

As of the date of this report, the Company's directors and officers are Bradley Moore (Director and Chief Executive Officer), Jeffrey Hayzlett (Director), Alexander Helmel (Director and Chief Financial Officer), and Hanan Gelbendorf (Chief Marketing Officer).

1.16 Subsequent Events

Subsequent to September 30, 2021:

- a total of 200,000 stock options with an exercise price of \$0.15 expired unexercised;
- an aggregate of 1,700,000 stock options with exercise prices of \$0.10 and \$0.105 were cancelled;
- a total of 905,000 warrants with an exercise price of \$0.085 expired unexercised; and
- a total of 1,007,059 warrants with an exercise price of \$0.085 were exercised.