



Global Compliance Applications Corp.  
(formerly Global Cannabis Applications Corp.)  
**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

For the Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Compliance Applications Corp. (formerly Global Cannabis Applications Corp.)

### Opinion

We have audited the consolidated financial statements of Global Compliance Applications Corp. (formerly Global Cannabis Applications Corp.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2022 and 2021, and the consolidated statements of comprehensive income (loss), cash flows and changes in shareholders' deficit for the years then ended, and notes to the consolidated 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, 2022 and 2021, 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 matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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.

We obtained Management's Discussion and Analysis prior to the date of this audit report. 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 Rakesh Patel.



**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

October 28, 2022

**GLOBAL COMPLIANCE APPLICATIONS CORP.**  
(formerly Global Cannabis Applications Corp.)  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Stated in Canadian Dollars)

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 47,697	\$ 1,016,931
GST and other receivables	38,335	29,985
Prepaid expenses	236,341	45,100
	<b>322,373</b>	<b>1,092,016</b>
Equipment (Note 6)	1,230	1,763
Digital currencies (Note 5)	44,473	37,298
Intangible asset (Note 4)	250,583	330,770
	<b>\$ 618,659</b>	<b>\$ 1,461,847</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable (Note 8)	\$ 750,940	\$ 719,491
Accrued liabilities	402,922	383,061
Deferred revenue - current (Note 11)	10,360	10,333
Loan payable (Note 9)	475,370	442,965
	<b>1,643,512</b>	<b>1,555,850</b>
Deferred revenue – long term (Note 11)	3,920	11,307
	<b>1,643,512</b>	<b>1,567,157</b>
<b>SHAREHOLDERS' DEFICIT</b>		
Share capital (Note 12)	16,863,453	15,869,359
Obligation to issue shares	29,250	-
Share-based payment reserve (Note 12)	3,939,443	3,783,642
Deficit	<b>(21,856,999)</b>	<b>(19,758,311)</b>
	<b>(1,024,853)</b>	<b>(105,310)</b>
	<b>\$ 618,659</b>	<b>\$ 1,461,847</b>

Going concern (Note 1)  
Subsequent events (Note 15)

**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 COMPLIANCE APPLICATIONS CORP.**  
(formerly Global Cannabis Applications Corp.)  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Stated in Canadian Dollars)

	<b>Year ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenue:</b>		
Software licencing revenue (Note 11)	\$ 7,360	\$ 3,360
<b>Expenses:</b>		
Accounting and audit fees	42,749	13,317
Amortization of intangible assets (Note 4)	80,187	70,164
Interest charges (Note 9)	32,405	32,741
Consulting fees (Note 8)	986,229	577,390
Licences and permits	10,299	-
Depreciation of equipment (Note 6)	534	21
Foreign exchange	5,137	3,686
IT costs (Note 4)	221,928	59,386
Legal fees	111,314	86,554
Marketing	348,603	1,208,192
Office and miscellaneous	42,456	10,799
Research and development costs (Note 4)	48,856	174,314
Share based compensation (Notes 8 and 12)	110,195	456,103
Transfer agent, listing, and filing fees	45,791	55,320
Travel	31,865	1,703
	<b>(2,118,548)</b>	<b>(2,749,690)</b>
<b>Other items:</b>		
Change in fair value of loan receivable (Note 7)	-	3,068,183
Gain on debt settlement (Note 10 and 12)	12,500	-
<b>Net and comprehensive income (loss)</b>	<b>\$ (2,098,688)</b>	<b>\$ 321,853</b>
<b>Basic and diluted income (loss) per share</b>	<b>\$ (0.011)</b>	<b>\$ 0.002</b>
Weighted average number of common shares outstanding	<b>183,354,199</b>	<b>156,743,258</b>

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

**GLOBAL COMPLIANCE APPLICATIONS CORP.**  
(formerly Global Cannabis Applications Corp.)  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Stated in Canadian Dollars)

	Year ended June 30, 2022	Year ended June 30, 2021
<b>Operating Activities</b>		
Net income (loss)	\$ (2,098,688)	\$ 321,803
Items not affecting cash:		
Amortization of intangible assets	80,187	70,164
Change in fair value of note receivable	-	(3,068,183)
Depreciation	534	21
Accrued interest	32,405	29,697
Gain from debt settlement	(12,500)	-
Share based compensation	110,195	456,103
Changes in non-cash working capital items:		
GST and other receivables	(8,350)	(14,401)
Prepaid expenses	(191,241)	(45,100)
Accounts payable and accrued liabilities	333,809	302,663
Deferred revenue	(7,360)	21,640
<b>Cash used in operating activities</b>	<b>(1,761,009)</b>	<b>(1,925,593)</b>
<b>Financing Activities</b>		
Convertible loan received	82,500	-
Obligation to issue shares	29,250	-
Shares subscriptions received, net of issue costs	687,200	2,978,435
<b>Cash provided by financing activities</b>	<b>798,950</b>	<b>2,978,435</b>
<b>Investing Activities</b>		
Purchase of digital currencies	(7,175)	(37,298)
Purchase of intangible assets	-	(1,784)
<b>Cash used in investing activities</b>	<b>(7,175)</b>	<b>(39,082)</b>
Increase (decrease) in cash	(969,234)	1,013,760
<b>Cash, beginning</b>	<b>1,016,931</b>	<b>3,171</b>
<b>Cash, ending</b>	<b>\$ 47,697</b>	<b>\$ 1,016,931</b>
Other Non-Cash Transactions:		
Shares issued for debt	\$ 282,500	\$ 1,004,040
Shares issued for convertible debt	\$ 82,500	\$ -
Shares issued for intangible asset	\$ -	\$ 400,934

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

**GLOBAL COMPLIANCE APPLICATIONS CORP.**  
(formerly Global Cannabis Applications Corp.)  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT**  
(Stated in Canadian Dollars)

	Share capital		Obligation to issue shares	Subscriptions received	Share-based payment reserve	Deficit	Total
	Number of Shares	Amount					
		\$	\$	\$	\$	\$	\$
<b>Balance, June 30, 2020</b>	<b>114,712,001</b>	<b>15,066,447</b>	-	<b>17,000</b>	<b>3,139,131</b>	<b>(20,080,164)</b>	<b>(1,857,586)</b>
Shares issued for cash, net of costs (Note 12)	21,674,891	1,742,892	-	(17,000)	176,105	-	1,901,997
Shares issued for debt (Note 12)	27,309,512	984,688	-	-	19,352	-	1,004,040
Shares issued for intangible (Notes 4 and 10)	18,224,250	400,934	-	-	-	-	400,934
Shares issued for exercise of warrants (Note 12)	10,761,133	1,066,440	-	-	-	-	1,066,440
Shares issued for exercise of options (Note 12)	100,000	17,050	-	-	(7,050)	-	10,000
Shares returned to treasury (Note 7)	(13,636,363)	(3,409,091)	-	-	-	-	(3,409,091)
Share based compensation (Note 12)	-	-	-	-	456,103	-	456,103
Net and comprehensive income	-	-	-	-	-	321,853	321,853
<b>Balance June 30, 2021</b>	<b>179,145,424</b>	<b>15,869,359</b>	-	-	<b>3,783,642</b>	<b>(19,758,311)</b>	<b>(105,310)</b>
Shares issued for cash, net of costs (Note 12)	12,800,000	535,853	-	-	65,747	-	601,600
Shares issued for warrant exercises (Note 12)	1,007,059	105,741	-	-	(20,141)	-	85,600
Shares issued for convertible debt (Note 10)	1,650,000	82,500	-	-	-	-	82,500
Shares issued for debt (Note 12)	5,650,000	270,000	-	-	-	-	270,000
Obligation to issue shares	-	-	29,250	-	-	-	29,250
Share based compensation (Note 12)	-	-	-	-	110,195	-	110,195
Net and comprehensive loss	-	-	-	-	-	(2,098,688)	(2,098,688)
<b>Balance June 30, 2022</b>	<b>200,252,483</b>	<b>16,863,453</b>	<b>29,250</b>	-	<b>3,939,443</b>	<b>(21,856,999)</b>	<b>(1,024,853)</b>

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

## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Notes to the Consolidated Financial Statements

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### 1. Nature and Continuance of Operations

Global Compliance Applications Corp. (formerly Global Cannabis Applications Corp.) (the “Company”, “Global Compliance”, or “GCAC”) was incorporated on July 14, 2014, under the *Business Corporations Act* (British Columbia). On July 11, 2022 the Company’s name was changed to Global Compliance Applications Corp. 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, 2022, the Company has not generated significant revenues from operations and has an accumulated deficit of \$21,856,999. 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. These adjustments could be material. 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, 2022, by the directors of the Company.

#### *Statement of Compliance*

The Company’s annual consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### 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, 2022	June 30, 2021
Antisocial Holdings Ltd. **	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.



## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### 3. Significant Accounting Policies and Basis of Preparation (continued)

#### *Consolidation (continued)*

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

#### *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 12.

#### *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, 2022 and 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.

#### *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>
Antisocial Holdings Ltd	Canadian dollars
GCAC Europe UAB	Euro
Citizen Green OU	Euro
GCAC Australia Pty	AUD
Opinit LLC	USD

## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### 3. Significant Accounting Policies and Basis of Preparation (continued)

#### *Foreign currency translation (continued)*

The assets and liabilities of subsidiaries with non-Canadian functional currencies are translated from functional currency to the Company's presentation currency using the exchange rates at period end. Income, expenses, and cash flow items included in these consolidated financial statements are translated from functional currency to the Company's presentation currency using the exchange rate that approximates the exchange rates at the date of the transactions (i.e., the average rate for the period). The differences arising upon translation from the functional currency to the reporting currency are recorded as foreign currency translation adjustment in the other comprehensive income and remain in the other comprehensive income until a subsidiary is partially or fully disposed of, or until the Company determines that it is abandoning all of the non-financial assets which are held by that subsidiary. Upon disposal, the corresponding foreign currency translation adjustment is removed from other comprehensive income as is recognized as realized foreign exchange gain or loss in net income.

#### 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.

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
Convertible note	FVTPL
Accounts payable	Amortized cost
Loan payable	Amortized cost

## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### 3. Significant Accounting Policies and Basis of Preparation (continued)

#### *Financial instruments (continued)*

##### 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 statements of 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 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).

##### 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 recognizes in the consolidated statements of comprehensive 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 statements of 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 income (loss)

##### *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.

## **GLOBAL COMPLIANCE APPLICATIONS CORP.**

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### **3. Significant Accounting Policies and Basis of Preparation (continued)**

#### *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 item over their estimated useful lives of five years.

#### *Digital Currencies*

The Company initially records digital currencies at their cost or fair value on the date of acquisition and evaluates the fair value of digital currencies at each reporting period. Based on the market activity of the digital currency, the Company will either maintain the initial cost at acquisition or revalue the digital currency at each reporting period at their then fair value under IAS 38. Under the revaluation model, intangible assets are measured at cost or fair value on initial recognition and subsequently remeasured at fair value at each reporting date. Unrealized revaluation increases above the initial cost or fair value are recognized in other comprehensive income and accumulated in contributed surplus within equity. Revaluation losses, as well as realised gains or losses on the sale of digital currencies are included in the statement of comprehensive income (loss).

#### *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.

#### *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.

## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### 3. Significant Accounting Policies and Basis of Preparation (continued)

#### *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.

#### *Revenue recognition*

The Company primarily derives revenue from the provision of cloud-based software as well as services associated with customizing its products. Software revenue includes licenses derived from software and software services. The Company generates revenue from several sources:

Software Licenses. Revenue from software licenses is recognized over the term of the license.

Support and maintenance. Revenue from support and maintenance arrangements is recognized as provided over the contract term, unless otherwise agreed to between the Company and the customer.

Customization services. Revenue from customization services is recognized as earned, based on performance according to specific terms of the contract.

Monthly subscription fees. Revenue from subscriptions to access the Company's software over a period of time is recognized over the contractual period.

Code generation. Revenue from the generation of certain codes within the software is recognized at the time of generation.

Revenue is recognized when the performance obligations have been achieved and the goods or services have been transferred to the customer, which are normally:

- persuasive evidence of a contractual arrangement exists;
- the program is complete;
- the contractual delivery arrangements have been satisfied;
- the customer has access to the license software and has the contractual right to use it as per the contract;
- the fee is fixed or determinable;
- collection of the fee is reasonably assured; and
- the costs incurred or to be incurred in respect of the contractual arrangement can be measured reliably.

#### *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.

## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### 3. Significant Accounting Policies and Basis of Preparation (continued)

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.

*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

	<b>Tracelocker</b>
<b>Cost:</b>	
<b>Balance June 30, 2020</b>	\$ -
Additions	400,934
<b>Balance June 30, 2021 and 2022</b>	<b>\$ 400,934</b>
<b>Accumulated amortization:</b>	
<b>Balance June 30, 2020</b>	\$ -
Amortization	70,164
Balance June 30, 2021	70,164
Amortization	80,187
<b>Balance June 30, 2022</b>	<b>\$ 150,351</b>
<b>Carrying amount:</b>	
Balance June 30, 2021	\$ 330,770
<b>Balance June 30, 2022</b>	<b>\$ 250,583</b>

During the year ended June 30, 2022, costs incurred of \$48,856 (2021: \$174,314) have been expensed as research and development as these costs do not meet capitalization criteria.

On August 30, 2020, the Company entered a software license and support agreement with Abbey Technology GmbH to licence the use of the TraceLocker App in Canada, European Union, and Israel. TraceLocker is an Ethereum blockchain powered compliance platform that provides binding attestations of regulated goods' chain of custody. Under the terms of the agreement, the Company agreed to pay a one-time fee of \$400,934 (USD\$302,500), which was settled with 18,224,250 units (each unit consisting of one common share and one share purchase warrant) with a fair value of \$400,934 on September 25, 2020 (Note 12). The initial term of the agreement ended on August 12, 2021, and annual renewal fees are USD\$42,000 thereafter. During the year ended June 30, 2022, the Company incurred \$128,830 in development costs associated with the TraceLocker App platform which have been expensed to the statement of comprehensive income (loss).

**GLOBAL COMPLIANCE APPLICATIONS CORP.**

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

**5. Digital Currencies**

During the years ended June 30, 2022 and 2021, the Company acquired GCAC tokens, an Ethereum ERC-20 token listed on Uniswap.org, as follows:

	<b>GCAC Token</b>
<b>Balance June 30, 2020</b>	\$ -
Digital currencies purchased *	37,298
<b>Balance June 30, 2021</b>	\$ 37,298
Digital currencies purchased *	7,175
<b>Balance June 30, 2022</b>	\$ 44,473

\* On April 8, 2021 the Company purchased 100,000 GCAC tokens for CAD \$24,798

On June 1, 2021 the Company purchased 550.8239 GCAC tokens for CAD \$12,500

On September, 2021 The Company purchased 349.0397 GCAC tokens for CAD \$2,672

On December 6, 2021, the Company purchased 557.4984 GCAC tokens for CAD \$1,947.

On March 28, 2022, the Company purchased 605.21 GCAC tokens for CAD \$1,278

On June 08, 2022 the Company purchased 605.21 GCAC tokens for CAD \$1,278

**6. Equipment**

<b>Cost:</b>	
Balance, June 30, 2020	\$ 7,067
Additions	1,784
<b>Balance June 30, 2021 and 2022</b>	\$ 8,851
<b>Accumulated depreciation:</b>	
Balance June 30, 2020	\$ 7,067
Depreciation	21
Balance June 30, 2021	7,088
Depreciation	534
<b>Balance June 30, 2022</b>	\$ 7,622
<b>Carrying amount:</b>	
As at June 30, 2021	1,763
<b>Balance June 30, 2022</b>	\$ 1,230

**7. Loan Receivable**

During the year ended June 30, 2018, the Company entered into a loan agreement whereby it was committed to loan an 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, as of June 30, 2019, the Company is no longer pursuing. By June 30, 2019, the Company had advanced \$3,500,000 to the Borrower. The term of the loan was one year, and the loan bore no interest prior to the maturity date and 12% per annum after the maturity date of April 6, 2019. The loan was secured by 13,636,363 shares of the Company owned by a significant shareholder.

**7. Loan Receivable (continued)**

## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

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, based on the fair value of the underlying security. During the year ended June 30, 2021, the Company called its security and at that point the fair value of the loan was estimated to be \$3,409,089 resulting in a gain on change in fair value of \$3,068,182. On April 14, 2021, the 13,636,363 shares of the Company held as security were returned to treasury and a reduction in share capital of \$3,409,091 was recognized.

### 8. 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 ended June 30, 2022, from directors and senior management, or companies controlled by them, for consulting fees in the amount of \$396,942 (2021: \$315,931).

During the year ended June 30, 2022, share based compensation for key management totaled \$Nil (2021: \$354,673).

At June 30, 2022, a balance of \$41,731 (2021: \$75,243) was owing to related parties and included in accounts payable. These amounts are unsecured, non-interest bearing and due on demand.

### 9. Loan Payable

The Company has a loan payable of \$310,716 which is unsecured and bears interest at 7% per annum. The loan was originally due December 31, 2019, but was subsequently renewed until December 31, 2020 and December 31, 2021. The loan is currently at default and continues to accrue interest under the same terms until repaid. The demand to repay the loan has not been made.

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Balance June 30, 2020	\$ 310,716	102,552	\$ 413,268
Interest	-	29,697	29,697
Balance June 30, 2021	310,716	132,249	442,965
Interest	-	32,405	32,405
<b>Balance June 30, 2022</b>	<b>\$ 310,716</b>	<b>\$ 164,654</b>	<b>\$ 475,370</b>

### 10. Convertible Note

On February 1, 2022, the Company entered into a \$1.8-million two-year unsecured convertible promissory note (drawable at the request of the Company) with an arms-length party (the "Lender") bearing interest at 5% per annum with the principal and interest due and payable at maturity on February 1, 2024. The note automatically terminates when the full amount of outstanding principal and interest is paid prior to the maturity date. The note is convertible into common shares at the volume weighted average trading price of the common shares on the CSE for the 5 trading days ending on the day prior the receipt of a conversion notice, less 25%, subject to the minimum pricing requirements of the CSE.

The Company has designated the convertible note as measured at FVTPL. At inception, the fair value of the instruments was measured at the transaction amounts. There was nil gain or loss on change in fair value recorded in 2022 as their fair values approximate the carrying amount.



## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### 10. Convertible Note (continued)

During the year ended June 30, 2022, the Company drew down \$82,500 from the Lender. On March 31, 2022, the Lender converted \$40,000 of the outstanding loan into 800,000 common shares of the Company at a value of \$0.05 per common share. On June 28, 2022, the Lender converted \$42,500 of the outstanding loan into 850,000 common shares of the Company at a value of \$0.05 per common share. All securities issued are subject to a statutory four month hold. During the year ended June 30, 2022, the Company recorded \$574 in interest.

### 11. Deferred Revenue

Total deferred revenue	\$	14,280
Less: current portion		10,360
<b>Long term portion</b>	<b>\$</b>	<b>3,920</b>

### 12. Share Capital

#### a) Authorized

Unlimited common shares, without par value.

#### b) Issued

##### During the year ended June 30, 2022

On April 6, 2022, the Company closed the first tranche of a non-brokered private placement. Pursuant to the first tranche, the Company issued 3,400,000 units at a price of \$0.05 per unit to investors for gross proceeds of \$170,000 and 2,400,000 common shares in its capital at a price of \$0.05 per share to certain creditors to settle an aggregate of \$120,000 in debt. Each unit consists of one share and one share purchase warrant, whereby each warrant entitles the holder to purchase one additional share for a period of one year from closing at an exercise price of \$0.06 per share. In connection with the first tranche, the Company has paid finders' fees of \$7,200 and issued 144,000 finders' warrants. Each finder warrant bears the same terms as the warrants. The fair value of the warrants issued was \$4,366, determined using the Black-Scholes Option Pricing Model with the following assumptions: expected life of warrants: 1 year; volatility rate of 135%; risk-free interest rate of 2.02%; and a dividend rate of 0%.

On May 2, 2022, the Company closed the second and final tranche of a non-brokered private placement. Pursuant to the final tranche, the Company issued 9,400,000 units at a price of \$0.05 per unit to investors for gross proceeds of \$470,000 and 3,250,000 common shares in its capital at a price of \$0.05 per share to certain creditors to settle an aggregate of \$162,500 in debt with a gain on debt settlement of \$12,500. Each unit consists of one share and one share purchase warrant, whereby each warrant entitles the holder to purchase one additional share for a period of one year from closing at an exercise price of \$0.06 per share. In connection with the final tranche, the Company has paid finders' fees of \$31,200 and issued 624,000 finders' warrants. Each finder's warrant bears the same terms as the warrants. The fair value of the warrants issued was \$14,381, determined using the Black-Scholes Option Pricing Model with the following assumptions: expected life of warrants: 1 year; volatility rate of 135%; risk-free interest rate of 2.53%; and a dividend rate of 0%.

The Company received a gross amount of \$85,600 in connection with the exercise of 1,007,059 warrants.

The Company issued 1,650,000 common shares to convert \$82,500 of the outstanding promissory.

## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### 12. Share Capital (continued)

#### b) Issued (continued)

##### During the year ended June 30, 2021

On May 5, 2021, the Company closed a non-brokered private placement and issued 2,760,439 units at a price of \$0.195 per unit for gross proceeds of \$538,286 and 645,076 units at a fair value of \$0.195 per unit to settle an aggregate of \$125,790 in debt to various creditors of the Company. Each unit consisted 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 \$0.26 per common share. Under the residual method, a value of \$102,165 was allocated to the warrants. In connection with the private placement, the Company paid finder's fees in the amount of \$9,105, issued 14,000 finder's warrants with each finder's warrant having the same terms as the warrants. The fair value of the finder's warrants was determined to be \$1,200 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.508%, volatility: 143%).

On February 22, 2021, the Company closed the final tranche of a non-brokered private placement. Pursuant to the private placement, the Company issued 6,184,490 units at a price of \$0.105 per unit for gross proceeds of \$649,371 and 1,087,618 units at a fair value of \$0.105 per unit to settle an aggregate of \$114,200 in debt to various creditors of the company. 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 three years from closing at an exercise price of \$0.17 per common share. In connection with the private placement, the Company paid finder's fees in the amount of \$23,885, issued 44,755 finders' units with a fair value of \$4,699 and 195,192 finder's warrants with each finders' unit having the same terms as the financing units and each finder's warrant having the same terms as the warrants. The fair value of the finder's warrants was determined to be \$46,400 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.305%, volatility: 139%).

On February 3, 2021, the Company closed its first tranche of a non-brokered private placement. Pursuant to the private placement, the Company issued 3,288,571 units at a price of \$0.105 per unit for gross proceeds of \$345,299 and 1,360,000 units at a fair value of \$0.105 per unit to settle an aggregate of \$142,800 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 \$0.17 per common share. In connection with the private placement, the Company issued 223,919 finders' units. Each finder's unit consists of one common share and one common share purchase warrant, having the same terms as the warrants. The fair value of the finder's warrants was determined to be \$19,850 using the Black Scholes Option Pricing Model (expected life: 1.5 years, bond equivalent yield: 0.229%, volatility: 111%).

On December 31, 2020, the Company closed a non-brokered private placement and issued 8,400,000 units at a price of \$0.05 per unit for gross proceeds of \$420,000 and 3,160,000 units at a fair value of \$0.05 per unit to settle an aggregate of \$158,000 in debt to various creditors of the Company. Each unit consisted 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 \$0.10 per common share. The Company paid finders fees of \$18,000 cash and issued 360,000 finders warrants with the same terms as the warrants above. The fair value of the finder's warrants issued was determined to be \$25,843 using the Black Scholes Option Pricing Model (expected life: 1 year, bond equivalent yield: 0.203%, volatility: 132%).

On September 25, 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 fair value of \$0.022 per unit to settle an aggregate of \$864,184 in debt to various creditors of the Company, including the vendors of the software license (Note 4). Each unit consisted 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.

**GLOBAL COMPLIANCE APPLICATIONS CORP.**

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

**12. Share Capital (continued)****b) Issued (continued)**During the year ended June 30, 2021 (continued)

The Company received a gross amount of \$1,066,440 in connection with the exercise of 10,761,133 warrants and a gross amount of \$10,000 in connection with the exercise of 100,000 share purchase options during the year ended June 30, 2021. In connection with the exercise of share purchase options, \$7,050 was allocated from the option reserve to share capital.

On April 14, 2021, 13,636,363 shares of the Company held as security were returned to treasury (Note 7).

**c) Warrants**

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

	Number of warrants	Weighted average exercise price (\$)
Balance, June 30, 2020	24,658,729	0.240
Issued	67,777,845	0.090
Exercised	(10,761,133)	0.110
Expired	(15,145,663)	0.280
Balance, June 30, 2021	66,529,778	0.090
Issued	13,568,000	0.060
Exercised	(1,007,059)	0.085
Expired	(1,025,000)	0.085
<b>Balance June 30, 2022</b>	<b>78,065,719</b>	<b>0.09</b>

The following table details the warrants outstanding and exercisable at June 30, 2022:

Number of Warrants	Exercise Price	Expiry Date
535,000	\$0.10	August 11, 2022
37,781,069	\$0.05	September 25, 2023
10,377,600	\$0.10	December 31, 2022
4,872,480	\$0.17	February 3, 2024
7,512,055	\$0.17	February 22, 2024
3,419,515	\$0.26	May 5, 2024
3,544,000	\$0.06	April 6, 2023
10,024,000	\$0.06	May 2, 2023
<b>78,065,719</b>	<b>\$0.09</b>	

At June 30, 2022, the weighted average remaining contractual life of all warrants outstanding was 1.15 years.

**GLOBAL COMPLIANCE APPLICATIONS CORP.**

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

**12. Share Capital (continued)****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 greater of the market price of the Company's shares on the date of the grant and the date prior thereto and, unless otherwise stated, vest on the grant date. The term of any share purchase option shall not exceed five years. Under the stock option 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, 2022, the Company granted 2,835,000 share purchase options to consultants of the Company. The share purchase options are exercisable between \$0.05 and \$0.14 per share for a period of five years. The fair value of the options was determined to be \$110,195 using the Black Scholes Stock Option Pricing model (expected life: 2.5 years, bond equivalent yield: (0.6% - 2.6%), volatility: 132-140%).

During the year ended June 30, 2021, the Company granted 10,125,000 share purchase options to consultants, management, and directors of the Company. The share purchase options are exercisable between \$0.10 and \$0.25 per share for a period of five years. The fair value of the options was determined to be \$456,103 using the Black Scholes Stock Option Pricing model (expected life: 2.5 years, bond equivalent yield: (0.423% - 0.957%), volatility: 127-135%).

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

	Options	Weighted average exercise price (\$)
Balance June 30, 2020	6,805,000	0.180
Granted	10,125,000	0.110
Exercised	(100,000)	0.100
Expired/forfeited/cancelled	(2,065,000)	0.260
Balance June 30, 2021	14,765,000	0.130
Granted	2,835,000	0.080
Expired/forfeited/cancelled	(2,725,000)	0.118
<b>Balance June 30, 2022</b>	<b>14,875,000</b>	<b>0.12</b>

## GLOBAL COMPLIANCE APPLICATIONS CORP.

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### 12. Share Capital (continued)

#### d) Share-based compensation (continued)

Details of the Company's outstanding and exercisable share purchase options at June 30, 2022, is as follows:

<b>Exercise price</b>	<b>Remaining contractual life (years)</b>	<b>Number of options outstanding</b>	<b>Expiry Dates</b>
\$0.10	4.69	300,000	March 7, 2027
\$0.395	0.40	500,000	November 24, 2022
\$0.64	0.59	50,000	January 31, 2023
\$0.37	0.66	100,000	February 27, 2023
\$0.265	0.76	25,000	April 3, 2023
\$0.365	0.87	75,000	May 14, 2023
\$0.225	1.25	450,000	September 28, 2023
\$0.17	1.32	140,000	October 26, 2023
\$0.12	1.45	500,000	December 13, 2023
\$0.10	1.51	175,000	January 1, 2024
\$0.13	1.53	400,000	January 8, 2024
\$0.10	1.87	1,025,000	May 13, 2024
\$0.10	3.38	7,450,000	November 16, 2025
\$0.15	3.86	850,000	May 10, 2026
\$0.14	4.02	750,000	July 7, 2026
\$0.06	4.59	400,000	February 1, 2027
\$0.10	4.61	250,000	February 7, 2027
\$0.065	4.71	100,000	March 15, 2022
\$0.05	4.84	1,335,000	May 2, 2027
<b>\$0.12</b>	<b>3.29 years</b>	<b>14,875,000</b>	

#### 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 share purchase options or finders' warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the options and warrants expire unexercised, the amount recorded remains in the reserve.

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, 2022, an amount of \$47,000 (2021 - \$nil) was allocated to warrants under this method.

#### f) Loss per share

The calculation of basic and diluted income (loss) per share for the year ended June 30, 2022, was based on the loss attributable to common shareholders of \$2,098,688 (2021: income of \$321,853) and the weighted average number of common shares outstanding of 183,354,199 (2021: 156,743,258).

### 13. 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:

## **GLOBAL COMPLIANCE APPLICATIONS CORP.**

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### **13. Financial Risk and Capital Management**

#### *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 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, and loans. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding or loans.

#### *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, 2022.

#### *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.

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.

**GLOBAL COMPLIANCE APPLICATIONS CORP.**

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

**14. 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:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Net income (loss) for the year	\$ (2,098,688)	\$ 321,853
Canadian federal and provincial income tax rates	27%	27%
Expected income tax recovery	(566,646)	86,900
Non-deductible items	26,378	123,148
Other	(17,374)	(857,803)
Change in valuation allowance	557,642	647,755
	<b>\$ -</b>	<b>\$ -</b>

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

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Non-capital loss carry-forwards	\$ 4,727,062	\$ 4,185,149
Share issuance costs	35,115	60,054
Equipment and intangibles	264,735	224,067
Note receivable	971,408	971,408
	<b>\$ 5,998,320</b>	<b>\$ 5,440,678</b>

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	772,350
2036	1,412,048
2037	1,209,064
2038	3,846,131
2039	4,265,694
2040	1,466,836
2041	2,364,586
2042	2,073,453
	<b>\$ 17,507,636</b>

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.

## **GLOBAL COMPLIANCE APPLICATIONS CORP.**

(formerly Global Cannabis Applications Corp.)

Years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

### **15. Subsequent Events**

On July 6, 2022, the Company issued 250,000 common shares in settlement of \$12,500 received in relation to the February 1, 2022 \$1.8 million two year unsecured promissory note. (Note 10)

On July 8, 2022 the Company completed the acquisition of WasteTrakr Technologies Inc. (“WTT”). WTT focuses on sustainability and how to provide recycling solutions for the waste being generated by the cannabis industry. As a wholly owned subsidiary, the focus will be to drive a sustainable supply chain using the Company’s Efixii product.

The acquisition was completed pursuant to a share exchange agreement entered into among the company, WTT, and the shareholders of WTT. Following the completion of the acquisition, WTT is a wholly owned subsidiary of the Company as the Company acquired 100% of the issued and outstanding securities of WTT in exchange for securities of the Company. As consideration for the transaction, the Company:

- Issued an aggregate of 2,310,108 common shares with a fair value of \$92,404 to the WTT shareholders pro rata in proportion to their holdings of the WTT shares. An additional 256,692 consideration shares are being held back as security for the warranties, representations and covenants of WTT and the WTT shareholders provided in the definitive agreement. Provided that the Company has not given notice of a claim to WTT or the WTT shareholders, then the holdback shares will be issued on the date that is 180 business days following the closing of the transaction;
- Granted an aggregate of 500,000 common shares purchase warrants to the WTT shareholders pro rata in proportion to their holdings of the WTT shares. Each consideration warrant is exercisable into one common share in the capital of the Company at a price of \$0.09 per warrant share for a period of 24 months from the closing of the transaction.

The consideration shares and consideration warrants are subject to a four-month hold period.

The Company is currently determining the fair value of the net assets acquired. Any excess in consideration received over the fair value of the net assets acquired will be assigned to goodwill. Because the acquisition occurred after the end of the period, there is no revenue or earnings of the combined entity in these consolidated financial statements.

The Company changed its name to Global Compliance Applications Corp. on July 11, 2022.

On August 11, 2022, 535,000 share purchase warrants expired unexercised (Note 12).

On August 15, 2022, the Company completed a non-brokered private placement financing and settled debt by issuing an aggregate of 2,475,000 units to certain investors to raise funds and an aggregate of 937,500 units to certain creditors of the company to settle debt. Each unit was priced at \$0.04 per unit. The Company raised proceeds of \$99,000 and settled an aggregate of \$37,500.00 of indebtedness. Each unit consists of one common share and one share purchase warrant, whereby each warrant entitles the holder thereof to purchase one additional share for a period of 24 months from closing at an exercise price of \$0.05 per additional share.

On August 18, 2022, the Company renamed its subsidiary WasteTrakr Technologies Inc. to GCAC North America Inc.