



Global Compliance Applications Corp.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Three Months Ended September 30, 2023 and 2022

(Stated in Canadian Dollars - unaudited)

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

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

The accompanying unaudited condensed consolidated interim financial statements of Global Cannabis Applications Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

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

**GLOBAL COMPLIANCE APPLICATIONS CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Stated in Canadian Dollars - unaudited)

	<b>September 30,</b>		<b>June 30,</b>
	<b>2023</b>		<b>2023</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 6,579	\$	48,929
GST and other receivables	24,638		23,778
Prepaid expenses (Note 12)	24		95,699
	<b>31,241</b>		<b>168,406</b>
Equipment (Note 7)	561		696
Digital currencies (Note 6)	14,167		14,167
Intangible assets (Note 4)	1		1
<b>TOTAL ASSETS</b>	<b>\$ 45,970</b>	<b>\$</b>	<b>183,270</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable (Note 8)	\$ 1,350,589	\$	1,261,517
Accrued liabilities (Note 8)	468,498		411,895
Deferred revenue - current (Note 11)	5,080		6,920
Loan payable (Note 9)	534,043		535,860
Convertible debenture (Note 10)	26,961		26,646
Advances received (Note 9)	50,000		50,000
	<b>2,435,171</b>		<b>2,292,838</b>
Deferred revenue – long term (Note 11)	-		-
<b>TOTAL LIABILITIES</b>	<b>2,435,171</b>		<b>2,292,838</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital (Note 12)	18,033,895		17,858,554
Obligation to issue shares	39,518		39,518
Share-based payment reserve (Note 12)	4,019,148		4,019,148
Accumulated other comprehensive income	(1,643)		427
Deficit	(24,480,119)		(24,027,215)
<b>Total equity</b>	<b>(2,389,201)</b>		<b>(2,109,568)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 45,970</b>	<b>\$</b>	<b>183,270</b>
Going concern (Note 1)			
Contingencies (Note 14)			

**Approved on behalf of the Board:**

“Bradley Moore”  
\_\_\_\_\_  
Bradley Moore

“Alexander Helm”  
\_\_\_\_\_  
Alexander Helm

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

**GLOBAL COMPLIANCE APPLICATIONS CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Stated in Canadian Dollars - unaudited)

	<b>3 months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenue:</b>		
Software licencing revenue (Notes 11, 12)	\$ <b>1,873</b>	\$ 2,101
<b>Expenses:</b>		
Accounting and audit fees	-	8,736
Amortization of intangible assets (Note 4)	-	20,077
Interest charges (Notes 9, 10)	<b>3,720</b>	8,445
Consulting fees (Note 8)	<b>161,824</b>	223,484
Licences and permits	-	23,000
Depreciation of equipment (Note 7)	<b>135</b>	135
Foreign exchange	<b>3</b>	(22,233)
IT costs	<b>799</b>	73,483
Legal fees	<b>3,871</b>	2,382
Marketing	<b>2,855</b>	69,501
Office and miscellaneous	<b>4,847</b>	2,594
Research and development costs (Note 4)	<b>95,675</b>	16,044
Share based compensation (Note 12)	<b>175,341</b>	17,291
Transfer agent, listing, and filing fees	<b>5,707</b>	19,375
Travel	-	8,341
<b>Total expenses</b>	<b>(454,777)</b>	<b>(470,655)</b>
Gain on debt settlement (Notes 10, 12)	-	2,500
<b>Net loss</b>	<b>(452,904)</b>	<b>(466,054)</b>
Foreign currency translation adjustment	<b>(2,070)</b>	-
<b>Total comprehensive loss</b>	<b>\$ (454,974)</b>	<b>\$ (466,054)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
Weighted average number of common shares outstanding	<b>255,887,167</b>	204,346,154

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

**GLOBAL COMPLIANCE APPLICATIONS CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Stated in Canadian Dollars - unaudited)

	<b>3 months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (452,904)	\$ (466,054)
Items not affecting cash:		
Amortization of intangible assets	-	20,077
Depreciation	135	135
Accrued interest	998	8,446
Gain from debt settlement	-	(2,500)
Share based compensation	-	17,291
Shares issued for RSUs	175,341	-
Changes in non-cash working capital items:		
GST and other receivables	(860)	(22,223)
Prepaid expenses	95,675	126,879
Accounts payable and accrued liabilities	145,675	146,358
Deferred revenue	(1,840)	(1,840)
<b>Cash used in operating activities</b>	<b>(37,780)</b>	<b>(173,431)</b>
<b>Financing Activities</b>		
Convertible loan received	-	37,500
Note payable repayment	(2,500)	-
Shares subscriptions received, net	-	99,000
<b>Cash provided by financing activities</b>	<b>(2,500)</b>	<b>136,500</b>
<b>Investing Activities</b>		
Purchase of intangible assets	-	86
<b>Cash used in investing activities</b>	<b>-</b>	<b>86</b>
Effects of exchange rate changes on cash	(2,070)	-
Increase (decrease) in cash	(42,350)	(36,845)
<b>Cash, beginning</b>	<b>48,929</b>	<b>47,697</b>
<b>Cash, ending</b>	<b>\$ 6,579</b>	<b>\$ 10,852</b>
<b>Other Non-Cash Transactions:</b>		
Shares issued for debt	\$ -	\$ 32,812
Shares issued for convertible debt	\$ -	\$ 12,500
Shares issued for share-based payment on acquisition	\$ -	\$ 92,404

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

**GLOBAL COMPLIANCE APPLICATIONS CORP.**  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)  
(Stated in Canadian Dollars - unaudited)

	Share capital		Obligation to issue shares	Share-based payment reserve	Accumulated other comprehensive income	Deficit	Total
	Number of Shares	Amount					
		\$	\$	\$	\$	\$	\$
<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>
Shares issued for cash, net of costs (Note 12)	2,475,000	86,625.00	-	12,375	-	-	99,000
Shares issued for acquisition (Note 4)	2,310,108	92,404	10,268	25,668	-	-	128,340
Shares issued for convertible debt (Note 10, 12)	250,000	10,000	-	-	-	-	10,000
Shares issued for debt (Note 12)	937,500	32,812	-	4,688	-	-	37,500
Share based compensation (Note 12)	-	-	-	17,291	-	-	17,291
Net and comprehensive income (loss)	-	-	-	-	-	(466,054)	(466,054)
<b>Balance September 30, 2022</b>	<b>206,225,091</b>	<b>17,085,294</b>	<b>39,518</b>	<b>3,999,465</b>	-	<b>(22,323,053)</b>	<b>(1,198,776)</b>
<b>Balance, June 30, 2023</b>	<b>246,277,499</b>	<b>17,858,554</b>	<b>39,518</b>	<b>4,019,148</b>	<b>427</b>	<b>(24,027,215)</b>	<b>(2,109,568)</b>
Shares issued for restricted stock units (Note 12)	13,556,061	175,341	-	-	-	-	175,341
Net and comprehensive income (loss)	-	-	-	-	(2,070)	(452,904)	(454,974)
<b>Balance September 30, 2023</b>	<b>259,833,560</b>	<b>18,033,895</b>	<b>39,518</b>	<b>4,019,148</b>	<b>(1,643)</b>	<b>(24,480,119)</b>	<b>(2,389,201)</b>

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

## **GLOBAL COMPLIANCE APPLICATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2023 and 2022

(Stated in Canadian Dollars - unaudited)

### **1. Nature and Continuance of Operations**

Global Compliance 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 from Global Cannabis Applications Corp. 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 condensed consolidated 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 September 30, 2023, the Company has not generated significant revenues from operations and has an accumulated deficit of \$24,480,119. 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 condensed consolidated financial statements were authorized for issue on November 29, 2023, by the directors of the Company.

#### *Statement of Compliance*

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

These unaudited condensed interim consolidated financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended June 30, 2023.

### **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.

## GLOBAL COMPLIANCE APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2023 and 2022

(Stated in Canadian Dollars - unaudited)

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

#### *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*	
		Sept. 30, 2023	June 30, 2023
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%
GCAC North America Inc.	USA	100%	100%

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

\*\* These companies are dormant.

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

#### *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 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.

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.

Payments received prior to the completion of the performance obligation is recorded as deferred revenue.

#### *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.

#### *Significant Accounting Policies*

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 3 of the financial statements for the year ended June 30, 2023. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2023.



## GLOBAL COMPLIANCE APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2023 and 2022

(Stated in Canadian Dollars - unaudited)

### 4. Intangible Assets

#### TraceLocker

	<b>Tracelocker</b>
<b>Cost:</b>	
<b>Balance June 30, 2022</b>	<b>\$ 400,934</b>
Impairment	(400,933)
<b>Balance June 30, 2023 and September 30, 2023</b>	<b>\$ 1</b>
<b>Accumulated amortization:</b>	
<b>Balance June 30, 2022</b>	<b>\$ 150,351</b>
Amortization	80,307
Impairment	(230,658)
<b>Balance, June 30, 2023 and September 30, 2023</b>	<b>\$ -</b>
<b>Carrying amount:</b>	
Balance June 30, 2023	\$ 1
<b>Balance September 30, 2023</b>	<b>\$ 1</b>

During the three months ended September 30, 2023, costs incurred of \$95,675 (September 30, 2022: \$16,044) have been expensed as research and development as these costs do not meet capitalization criteria.

On August 30, 2020, the Company entered into a software license and support agreement with Abbey Technology GmbH (“Abbey”) 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). The initial term of the agreement ended on August 12, 2021, and annual operations and maintenance fees are USD\$96,000 thereafter. During the year ended June 30, 2023, the Company determined that the value of the TraceLocker App was impaired under IAS 36 due to lack of revenue generated by the app. As a result, the Company recognized an impairment loss of \$170,276 to write down the intangible to its estimated value in use of \$1.

### 5. Acquisition of GCAC North America (formerly WasteTrakr Technologies Inc.)

On July 8, 2022, the Company acquired all of the outstanding share capital of GCAC North America Inc. (formerly WasteTrakr Technologies Inc.) (“GCACNA”). GCACNA focuses on sustainability and how to provide recycling solutions for the waste being generated by the cannabis industry. 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 GCACNA shareholders pro rata in proportion to their holdings of the GCACNA shares. An additional 256,692 consideration shares with fair value of \$10,268 (recorded as an obligation to issue shares) are being held back as security for the warranties, representations and covenants of GCACNA and the GCACNA shareholders provided in the definitive agreement. Provided that the Company has not given notice of a claim to GCACNA or the GCACNA shareholders, then the holdback shares will be issued on the date that is 180 business days following the closing of the transaction. As of the September 30, 2023, the Company has not released the holdback shares and is in discussions with the vendor regarding timing of the release.

## GLOBAL COMPLIANCE APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2023 and 2022

(Stated in Canadian Dollars - unaudited)

### 5. Acquisition of GCAC North America (formerly WasteTrakr Technologies Inc.) (continued)

- Granted an aggregate of 499,993 common share purchase warrants to the GCACNA shareholders pro rata in proportion to their holdings of the GCACNA 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 fair value of the warrants was determined using the Black-Scholes Option Pricing Model to be \$13,865 with the following assumptions: Risk-free rate of 3.24%; expected life of 2 years, expected volatility of 175% and dividend rate of 0% (Note 12).

During the year ended June 30, 2023, the Company recognized \$116,537 on the statement of loss as share-based compensation as the acquisition did not meet the definition of a business combination and no separately identifiable assets as defined under IFRS arose from the transaction.

### 6. Digital Currencies

During the years ended June 30, 2023, the Company acquired GCAC tokens, an Ethereum ERC-20 token listed on Uniswap.org, as follows:

		<b>GCAC Token</b>
<b>Balance June 30, 2022</b>	\$	<b>44,473</b>
Digital currencies purchased *		2,498
Impairment		(32,804)
<b>Balance June 30, 2023 and September 30, 2023</b>	\$	<b>14,167</b>

The Company recorded an impairment of \$32,804 (2022 - \$nil) during the year ended June 30, 2023 due to the illiquidity of the tokens in an active market. The carrying value is based on the amount the Company would expect to receive if all tokens were converted to Ethereum and sold.

### 7. Equipment

<b>Cost:</b>		
<b>Balance June 30, 2022, 2023 and September 30, 2023</b>	\$	<b>8,851</b>
<b>Accumulated depreciation:</b>		
Balance June 30, 2022	\$	7,621
Depreciation		534
Balance June 30, 2023	\$	8,155
Depreciation		135
<b>Balance September 30, 2023</b>	\$	<b>8,290</b>
<b>Carrying amount:</b>		
As at June 30, 2023		696
<b>Balance September 30, 2023</b>	\$	<b>561</b>

## **GLOBAL COMPLIANCE APPLICATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2023 and 2022

(Stated in Canadian Dollars - unaudited)

### **8. Related Party Transactions**

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, and directors of the Company to be key management. The Company has incurred charges during the three months ended September 30, 2023, from directors and senior management, or companies controlled by them, for consulting fees in the amount of \$99,268 (2022: \$51,050).

During the year ended June 30, 2023, the Company entered into a loan agreement with a company controlled by the CFO to borrow \$2,500, repayable on demand with no interest (Note 9). The loan was repaid during the three months ended September 30, 2023.

During the year ended June 30, 2023, the Company entered into loan agreements with the President of a subsidiary to borrow USD \$8,000 (CAD \$10,592), repayable on demand with 6% per annum (Note 9). As at September 30, 2023, the balance of the principal and interest is USD \$8,192 (CAD \$11,076) (June 30, 2023: USD \$8,144 (CAD \$10,783)).

At September 30, 2023, a balance of \$482,731 (June 30, 2023: \$286,721) was owing to related parties and included in accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing and due on demand.

### **9. Loans 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 in default and continues to accrue interest under the same terms until repaid. The demand to repay the loan has not been made.

During the year ended June 30, 2023, the Company entered into a loan agreement to borrow USD \$5,000 (CAD \$6,767), repayable on demand and bearing 6% interest per annum. During the three months ended September 30, 2023, the Company accrued USD \$76 (CAD \$101) (2022: \$nil) of interest on the loan. As at September 30, 2023, the principal of the loan is USD \$5,000 (CAD \$6,760) (June 30, 2023: USD \$5,000 (CAD \$6,760)) and the accrued interest is USD \$172 (CAD \$232) (June 30, 2023: USD \$96 (CAD \$100)).

During the year ended June 30, 2023, GCACNA entered into a loan agreement to borrow USD \$5,000 (CAD \$6,660), repayable on demand and bearing 6% interest per annum. During the three months ended September 30, 2023, the Company accrued USD \$78 (CAD \$104) (2022: \$nil) of interest on the loan. As at September 30, 2023, the principal of the loan is USD \$5,000 (CAD \$6,760) (June 30, 2023: USD \$5,000 (CAD \$6,760)) and the accrued interest is USD \$192 (CAD \$260) (June 30, 2023: USD \$114 (CAD \$152)).

During the year ended June 30, 2023, GCACNA entered into two loan agreements with the President of a subsidiary to borrow USD \$8,000 (CAD \$10,592), repayable on demand and bearing 6% interest per annum (Note 8). During the three months ended September 30, 2023, the Company accrued USD \$78 (CAD \$104) (2022: \$nil) of interest on the loan. As at September 30, 2023, the principal of the loan is USD \$8,000 (CAD \$10,816) (June 30, 2023: USD \$8,000 (CAD \$10,592)) and the accrued interest is USD \$192 (CAD \$260) (June 30, 2023: USD \$114 (CAD \$187)).

During the year ended June 30, 2023, the Company entered into a loan agreement with a company controlled by the CFO to borrow \$2,500, repayable on demand with no interest. The loan was repaid during the three months ended September 30, 2023 (Note 8).

## GLOBAL COMPLIANCE APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2023 and 2022

(Stated in Canadian Dollars - unaudited)

### 9. Loans Payable (continued)

		Principal		Interest		Total
Balance June 30, 2022	\$	310,716		164,654	\$	475,370
Addition		26,519		-		26,519
Interest		-		33,971		33,971
Balance June 30, 2023		337,235		198,625		535,860
Addition		-		-		-
Repayment		(2,500)		-		(2,500)
Interest		-		683		683
<b>Balance September 30, 2023</b>	<b>\$</b>	<b>334,735</b>	<b>\$</b>	<b>199,308</b>	<b>\$</b>	<b>534,043</b>

At June 30, 2023, the Company had received \$50,000 as advances towards a potential future private placement. There are no terms to the advances and they are recorded as a liability at September 30, 2023.

### 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) 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.

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. During year ended June 30, 2022, the Company recorded \$574 in interest which is outstanding as at September 30, 2023.

During the year ended June 30, 2023, the Company drew \$37,500 from the Lender. On July 6, 2022, the Lender converted \$12,500 of the outstanding loan into 250,000 common shares of the Company at a value of \$0.04 per common share resulting in a gain of \$2,500. During the three months ended September 30, 2023, the Company recorded \$315 in interest (year ended June 30, 2023: \$1,072). As at September 30, 2023, the outstanding principal of the loan is \$25,000 (June 30, 2023: \$25,000) and accrued interest is \$1,386 (June 30, 2023: \$1,702).

### 11. Deferred Revenue

		September 30, 2023		June 30, 2023
Deferred revenue, beginning	\$	6,920	\$	14,280
Revenue recognized in the period		(1,840)		(7,360)
<b>Deferred revenue, ending</b>	<b>\$</b>	<b>5,080</b>	<b>\$</b>	<b>6,920</b>

All deferred revenue outstanding at September 30, 2023 is expected to be recognized in revenue within one year.

## GLOBAL COMPLIANCE APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
Three months ended September 30, 2023 and 2022  
(Stated in Canadian Dollars - unaudited)

### 12. Share Capital

#### a) Authorized

Unlimited common shares, without par value.

#### b) Issued and outstanding

As at September 30, 2023: 259,833,560 (June 30, 2023: 246,277,499) common shares are issued and outstanding.

#### During the three months ended September 30, 2023

On July 4, 2023, the Company granted an aggregate of 7,956,061 restricted stock units (“RSUs”) to consultants of the Company to acquire 7,956,061 common shares of the Company. The RSUs vested immediately, and 7,956,061 common shares were issued on July 7, 2023 with a fair value of \$119,341 allocated to share based compensation.

On August 22, 2023, the Company granted an aggregate of 2,600,000 restricted stock units (“RSUs”) to consultants of the Company to acquire 2,600,000 common shares of the Company. The RSUs vested immediately, and 2,600,000 common shares were issued on August 22, 2023 with a fair value of \$26,000 allocated to share based compensation.

On September 7, 2023, the Company granted an aggregate of 3,000,000 restricted stock units (“RSUs”) to consultants of the Company to acquire 3,000,000 common shares of the Company. The RSUs vested immediately, and 3,000,000 common shares were issued on August 22, 2023 with a fair value of \$30,000 allocated to share based compensation.

#### During the year ended June 30, 2023

On July 6, 2023, the Company issued 250,000 common shares with a fair value of \$10,000 to convert \$12,500 of the outstanding convertible note (Note 10). The Company recorded a gain of \$2,500.

On July 8, 2022, the Company issued 2,310,108 common shares with a fair value of \$92,404 as a part consideration for the GCACNA acquisition. An additional 256,692 consideration shares with fair value of \$10,268 are being held back as security and have been recorded as an obligation to issue shares (Note 5).

On August 15, 2022, the Company closed a non-brokered private placement and issued 2,475,000 units at a price of \$0.04 per unit for gross proceeds of \$99,000 and 937,500 units at a price of \$0.04 per unit to settle with a creditor of the Company an aggregate amount of \$37,500 in debt. 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 \$0.05 per common share. Under the residual method, a value of \$17,063 was allocated to the warrants.

On December 30, 2022, the Company closed a non-brokered private placement and issued 7,788,727 units at a price of \$0.022 per unit for gross proceeds of \$171,352 and 7,570,954 common shares at a price of \$0.022 per share to certain creditors to settle an aggregate amount of \$166,561 in debt with gain on settlement of \$15,142. 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 \$0.05 per common share. Under the residual method, a value of \$15,577 was allocated to the warrants.

On April 10, 2023, the Company closed a non-brokered private placement and issued 2,272,727 units at a price of \$0.022 per unit for gross proceeds of \$50,000. 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 \$0.05 per common share. Under the residual method, a value of \$15,909 was allocated to the warrants.

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### 12. Share Capital (continued)

#### b) Issued and outstanding (continued)

During the year ended June 30, 2023

On April 18, 2023, the Company granted an aggregate of 3,285,000 restricted stock units (“RSUs”) to an officer and consultants of the Company to acquire 3,285,000 common shares of the Company. The RSUs vested immediately, and 3,285,000 common shares were issued on May 2, 2023 with a fair value of \$49,275 allocated to share based compensation.

On May 13, 2023, the Company entered into a debt settlement agreement with Abbey to settle an aggregate of \$382,700 for commercial upgrades to the Efixii blockchain platform. Under the terms of the agreement, the Company issued 19,135,000 common shares in the capital of the Company with a fair value of \$382,700 on May 23, 2023. As at June 30, 2023, the Company recognized \$95,675 as prepaid expense as the services had not been completed and expensed \$287,025 as IT costs.

#### c) Warrants

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

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$)</b>
Balance, June 30, 2022	78,065,719	0.09
Issued	13,973,947	0.05
Expired/forfeited	(42,704,850)	0.07
<b>Balance, June 30, 2023 and September 30, 2023</b>	<b>49,334,816</b>	<b>0.12</b>

The following table details the warrants outstanding and exercisable at September 30, 2023:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
19,556,819	\$0.05	25-Mar-24
4,872,480	\$0.17	03-Feb-24
7,512,055	\$0.33	22-Feb-24
3,419,515	\$0.26	05-May-24
499,993	\$0.09	08-Jul-24
937,500	\$0.05	15-Aug-24
2,475,000	\$0.05	15-Aug-24
7,788,727	\$0.05	30-Dec-24
2,272,727	\$0.05	10-Apr-25
<b>49,334,816</b>	<b>\$0.12</b>	

At September 30, 2023, the weighted average remaining contractual life of all warrants outstanding was 0.66 years.

On September 12, 2023, the Company extended the expiry of an aggregate 19,556,819 common share purchase warrants by six months to March 25, 2024. The warrants were originally issued on September 25, 2020 and were set to expire on September 25, 2023. Each Warrant entitles the holder thereof to acquire one common share in the capital of the Company at a price of \$0.05 per common share.

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**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, 2023, the Company granted 500,000 share purchase options to consultants of the Company. The share purchase options are exercisable at \$0.05 per share for a period of five years. The fair value of the options was determined to be \$17,291 using the Black-Scholes Stock Option Pricing model (expected life: 5 years, bond equivalent yield: 3.2%, volatility: 135%, dividend rate of 0%).

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

	Options	Weighted average exercise price (\$)
Balance, June 30, 2022	14,875,000	0.12
Granted	500,000	0.05
Expired/forfeited/cancelled	(750,000)	0.40
Balance, June 30, 2023	14,625,000	0.10
Expired/forfeited/cancelled	(450,000)	0.23
<b>Balance, September 30, 2023</b>	<b>14,175,000</b>	<b>0.10</b>

Details of the Company's outstanding and exercisable share purchase options at September 30, 2023, is as follows:

Exercise price	Remaining contractual life (years)	Number of options outstanding	Expiry Dates
\$0.10	3.44	300,000	March 7, 2027
\$0.17	0.07	140,000	October 26, 2023
\$0.12	0.20	500,000	December 13, 2023
\$0.10	0.25	175,000	January 1, 2024
\$0.13	0.27	400,000	January 8, 2024
\$0.10	0.62	1,025,000	May 13, 2024
\$0.10	2.13	7,450,000	November 16, 2025
\$0.15	2.61	850,000	May 10, 2026
\$0.14	2.77	750,000	July 7, 2026
\$0.06	3.34	400,000	February 1, 2027
\$0.10	3.36	250,000	February 7, 2027
\$0.07	3.46	100,000	March 15, 2027
\$0.05	3.59	1,335,000	May 2, 2027
\$0.05	3.77	500,000	July 8, 2027
<b>\$0.10</b>	<b>2.21 years</b>	<b>14,175,000</b>	

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### 12. Share Capital (continued)

#### 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, RSU's 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, 2023, an amount of \$48,549 was allocated to warrants under this method.

#### f) Loss per share

The calculation of basic and diluted loss per share for the three months ended September 30, 2023, was based on the loss attributable to common shareholders of \$452,904 (2022: \$466,054) and the weighted average number of common shares outstanding of 255,887,167 (2022: 204,346,154).

### 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:

#### *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. Liquidity risk is assessed as high.

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 September 30, 2023.

#### *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.



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### **13. Financial Risk and Capital Management (continued)**

#### *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.

### **14. Contingencies**

The Company, in the normal course of business, is a party to various claims and lawsuits. The Company's accounting policy is to include the estimated net cost of disposition of known claims and lawsuits in its financial statements where it is possible to make such estimates.