Codebase Ventures Inc.

Management's Discussion and Analysis

For the year six-month period ended June 30, 2020

DATE OF REPORT: AUGUST 14, 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements of Codebase Ventures Inc. (the "Company" or "Codebase") for the period ended March 31, 2020 and related notes attached thereto (the "financial statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") and in according with International Accounting Standards 34 ("IAS 34") – Interim Financial Reporting. All amounts are expressed in Canadian dollars unless otherwise stated. References to notes are with reference to the condensed interim consolidated financial statements. Readers may also want to refer to December 31, 2019 audited financial statements.

FORWARD-LOOKING STATEMENTS

This MD&A, may contain forward-looking statements, including statements regarding the business and anticipated future financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company's required financial statements and filings.

It is the Company's policy that all forward-looking statements, if any, are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements are subject to change, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements contained in this MD&A, may include, but are not limited to, information or statements concerning management's expectations for the Company's ability to raise capital and meet its obligations.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below.

OUTLOOK

The Company is focused on identifying and investing in fields where emerging, innovative technology has the potential to upend traditional institutions and deliver the greatest value to shareholders. The Company seeks out early-stage opportunities with outstanding talent and technology.

DESCRIPTION OF BUSINESS

Codebase Ventures Inc. is a, hands-on team of financial and technology experts who invest early in great ideas. The Company operates from the understanding that technology is always evolving, bringing early opportunities for strategic investments that can deliver the exponential returns to shareholders. The Company's mandate is to seek out and empower the innovators who are building tomorrow's standards with platforms and protocols, not just products. The Company invests early, supporting founders to take their ideas to market and realize their vision.

The Company's website is https://www.codebase.ventures

The Company's subsidiaries are as follows:

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
360 Blockchain USA Inc.	360 USA	USA	100%	USD	Holding Company
SV CryptoLab Inc.	SV Crypto	USA	80%	USD	Inactive
Blockchain Media Tech LLC	Blockchain Media Tech	USA	100%	USD	Inactive
Token Media Tech LLC	Token Media Tech	USA	100%	USD	Inactive
Code Cannabis Investments Inc.	Code Cannabis	CAN	100%	CAD	Holding Company

The Company's registered address is 1780 - 355 Burrard Street, Vancouver BC, V6C 2G8.

LONG-TERM INVESTMENTS

A continuity of the Company's long-term investments is as follows:

	World High Life	1933 Industries	Nerds on Site	Red Light Holland Corp	Aerosax	Total
Balance, December 31, 2019	$ 1,741,712	$ 7,000	$ 24,403	$ -	$ -	$ 1,773,115
Purchase of investments	-	-	-	50,000	104,830	154,830
Accrued interest	42,975	-	-	-	-	42,975
Shares issued for debt settlement	674,044	-	-	-	-	674,044
Sale of investment	(193,760)	(4,013)	(15,059)	(152,802)	-	(365,634)
Foreign exchange	(65,000)	-	-	-	-	(65,000)
Gain (loss) on sale of investment	(115,607)	(2,987)	(9,344)	102,802	-	(25,136)
Unrealized fair value gain (loss)	(302,420)	-	-	-	-	(302,420)
Balance, June 30, 2020	$ 1,781,944	$ -	$ -	$ -	$ 104,830	$ 1,886,774

	World High Life	1933 Industries	Nerds on Site	ePic	DreamBlock	Total
Balance, December 31, 2018	$ -	$ 9,400	$ 117,908	$ 100,000	$ 1,000	$ 228,308
Purchase of investments	1,317,000	-	-	-	-	1,317,000
Exercise of warrants	-	10,000	-	-	-	10,000
Sale of investment	-	-	-	(115,000)	-	(115,000)
Accrued interest	17,890	-	-	-	-	17,890
Foreign exchange	54,700	-	-	-	-	54,700
Gain (loss) on sale of investment	-	-	-	15,000	(1,000)	14,000
Unrealized fair value gain (loss)	352,122	(12,400)	(93,505)	-	-	246,217
Balance, December 31, 2019	$ 1,741,712	$ 7,000	$ 24,403	$ -	$ -	$ 1,773,115

RESULTS OF OPERATIONS

The following table presents the Company's financial summary for the period ended June 30, 2020. The financial information is presented in Canadian dollars and was prepared in accordance with IFRS.

Summary of Operations	June 30, 2020	June 30, 2019
Total expenses	$ 1,436,210	$ 1,866,574
Net loss for the period	(1,701,085)	(1,828,978)
Basic and diluted loss per share	(0.04)	(0.07)

Statement of Financial Position Summary	June 30, 2020	December 31, 2019
Current assets	$ 155,408	$ 115,299
Total assets	3,362,835	2,221,136
Current liabilities	158,200	210,058
Total liabilities	158,200	210,058
Working capital (deficiency)	(2,792)	(94,759)

LIQUIDITY AND CAPITAL RESOURCES

The table below highlights the Company's cash flows during period ended June 30, 2020

Net cash provided by (used in)	June 30, 2020	June 30, 2019
Operating activities	$ (1,184,576)	$ (1,537,465)
Investing activities	(472,771)	105,000
Financing activities	1,607,364	888,140
Effect of exchange rate on cash	-	(13,409)
Cash, beginning	79,278	1,020,719
Cash, end	29,295	462,985

As at March 31, 2020, the Company had cash of $18,324 (December 31, 2019 - $79,278) and a working capital of $327,339 (December 31, 2019 – working capital deficit of $94,759).

The Company completed financings subsequent to period end totaling 27,970,000 units for total amount $559,400. The Company expects additional capital will be required to continue its investment strategy.

Three Month Period Ended – March 31, 2020

The Company's comprehensive loss totaled $545,724 for the three months ended March 31, 2020 (2019: $995,962) with basic and diluted loss per share of $0.00 (2019: $0.00). Significant fluctuations during the three months period included:

i) Depreciation decreased to $Nil (2019: $138,123) primarily as a result of a decrease in additions to intangible assets acquired during the current period.

ii) Advertising and promotion decreased to $143,942 (2019: $163,121) primarily as a result of decreased activities to raise awareness in the current period.

iii) Professional fees decreased to $35,670 (2019: $104,949) due to lower audit fees and fewer professional service required due to fewer acquisitions during the current period.

iv) Salaries and benefits, management, and consulting fees decreased to $282,312 (2019: $480,792) due to decrease in consulting services incurred subsequent to the acquisition of subsidiaries during the current period.

v) Travel decreased to $13,101 (2019: $65,753) due to fewer trips taken for conferences and meetings in the current period.

vi) Unrealized loss on long-term investments of $102,937 (2019: Nil) as a result of the decreased fair value of the investments held by the Company during the current year.

vii) Recorded a loss in associate of $1,035 (2019: $615) in relation to the Company's share in the loss of this associate recorded under the equity method of accounting and reflecting the ongoing development expenditures in Capital Blocktech Inc. (dba as Archology).

SELECTED QUARTERLY RESULTS

A summary of selected information for each of the quarters is as follows:

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Revenue	$ -	$ -	$ -	$ -
Net loss	(1,151,068)	(550,017)	(2,130,139)	(993,554)
Basic and diluted loss per share	(0.02)	(0.02)	(0.07)	(0.04)
Weighted average shares outstanding	46,123,011	35,511,825	31,477,250	26,725,829

	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Revenue	$ -	$ -	$ -	$ -
Net loss	(856,992)	(979,885)	(1,261,993)	(893,092)
Basic and diluted loss per share	(0.03)	(0.04)	(0.06)	(0.04)
Weighted average shares outstanding	26,060,550	24,515,576	21,595,697	22,512,145

The Company's comprehensive loss totaled $993,554 for the three months ended September 30, 2019, with basic and diluted loss per share of $(0.00) (2018: $893,092 with basic and diluted loss per share of $0.00). The loss during the quarter ended September 30, 2019 is primarily due to salaries and benefits, management, and consulting fees, advertising and promotion, professional fees, and depreciation.

The Company's comprehensive loss totaled $856,992 for the three months ended June 30, 2019, with basic and diluted loss per share of $(0.00) (2018: $1,473,345 with basic and diluted loss per share of $0.01). The loss during the quarter ended June 30, 2019 is primarily due to salaries and benefits, management, and consulting fees, advertising and promotion, professional fees, and depreciation.

The Company's comprehensive loss totaled $979,885 for the three months ended March 31, 2019, with basic and diluted loss per share of $(0.00) (2018: $2,910,426 with basic and diluted loss per share of $0.02). The loss during the quarter

ended March 31, 2019 is primarily due to consulting, advertising and promotion, and depreciation.

The Company's comprehensive loss totaled $1,261,993 for the three months ended December 31, 2018, with basic and diluted loss per share of $(0.01) (2017: $1,776,987 with basic and diluted loss per share of $0.03). The loss during the quarter ended December 31, 2018 is due to recognizing the Company's share of loss of associate, write-off of equipment, and depreciation of the intangible assets.

The Company's comprehensive loss totaled $893,092 for the three months ended September 30, 2018, with basic and diluted loss per share of $(0.01) (2017: 392,799 with basic and diluted loss per share of $0.00). The Company's comprehensive loss increased due to the increase in Company activities, primarily consulting and advertising and promotion.

The Company's comprehensive loss totaled $1,473,345 for the three months ended June 30, 2018, with basic and diluted loss per share of $(0.01) (2017: net loss $200,866 with basic and diluted income per share of $0.00). The Company's comprehensive loss increased primarily due to the additional consulting services incurred and the stock options being granted during the three month period ended June 30, 2018.

OUTSTANDING SHARE DATA

Details of the Company's capitalization are as follows:

	June 30, 2020	**Date of MD&A**
Common shares	46,123,011	50,339,594
Warrants	21,982,038	29,060,614
Stock options	3,635,000	3,435,000

RELATED PARTY TRANSACTIONS AND BALANCES

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has identified its directors and senior officers as its key management personnel. Total compensation to key management personnel for the six months ended June, 2020 and 2019 was as follows:

Related party transactions		June 30, 2020		June 30, 2019
Consulting fees	$	209,850	$	327,091
Share-based compensation		51,873		-
Total	$	261,723	$	327,091

Details of outstanding balances with related parties including key management personnel are as follows:

Related party balances		June 30, 2020		December 31, 2019
Accounts payable	$	-	$	15,117

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Please refer to the Notes to the consolidated financial statements for the period ended June 30, 2020 and the year ended December 31, 2019.

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

Please refer to the Notes to the consolidated financial statements for the period ended June 30, 2020 and the year ended December 31, 2019.

FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair values

The Company's financial instruments consist of cash, temporary investments, receivables, long-term investments and accounts payable and accrued liabilities. Cash, temporary investment and long-term investments are carried at fair value. The fair values of receivables and accounts payable and accrued liabilities approximate their carrying amounts due to their current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Level 1	Level 2	Level 3
June 30, 2020				
Cash	$ 29,295	$ 29,295	$ -	$ -
Long-term investments	1,886,774	825,639	956,305	104,830
December 31, 2019				
Cash	$ 79,278	$ 79,278	$ -	$ -
Long-term investments	1,773,115	599,003	1,174,112	-

Credit Risk

Credit risks associated with cash are minimal as the Company deposits the majority of its cash with a large Canadian financial institution. The Company's credit risks associated with its amounts receivable are monitored by management. The Company's exposure to potential loss is equal to the carrying value of the amounts receivable.

Liquidity Risk

All of the Company's financial liabilities have maturities of one year or less as at June 30, 2020.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity prices, equity prices, and foreign currency fluctuations.

a) Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is not exposed to significant interest rate risk.

b) Price Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is exposed to significant price risk associated with its long-term investments. Certain long-term investments are classified in levels 1 and 2 of the fair value hierarchy and therefore a change in market prices would have an effect on fair value.

c) Currency Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At June 30, 2020 the Company held an insignificant balance of US dollar assets. A 10% change in the foreign exchange rate would not impact profit or loss by a material amount. The Company's investment in World High Life Plc is denominated in Pounds Sterling. A 10% change in the Pound Sterling versus the Canadian dollar would result in a change of approximately $190,000.

SUBSEQUENT EVENTS

Subsequent to June 30, 2020 the Company completed the following transactions:

a) Completed a non-brokered private placement. In the first tranche the Company raised proceeds of $135,000 through the sale of 2,250,000 Units. The final tranche the Company raised proceeds of $93,249 through the sale of 1,554,166 Units. Securities issued pursuant to the final tranche are subject to trading restrictions until December 8, 2020.

   The Company paid finder's fees to a qualified finder in the first closing of $3,500 and issued a total of 55,833 broker warrants, which are on the same terms as the warrants forming part of the units. No finder's fees were payable on the final tranche.

   Each Unit consists of one common share in the equity of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.075 per share for a period of two years from the closing.

b) The Company is also pleased to announce that it has entered into a debt settlement agreement with a creditor of the Company (the "Creditor") and pursuant thereto will issue an aggregate of 412,416 common shares in the capital of the Company, at a deemed price of $0.06 per common share, in consideration for the settlement of a total of $24,745 in accrued liabilities owing to the Creditor (the "Debt Settlement"). All securities to be issued pursuant to the Debt Settlement will be subject to a four month hold period from the closing date under applicable Canadian securities laws

RISKS AND UNCERTAINTIES

The Company is investing in technologies and companies and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company has no ongoing revenue or income from operations. The Company has limited capital resources and has to rely upon the sale its assets or sale of its common shares for cash required to make new investments and to fund the administration of the Company. These risks may not be the only risks faced by the Company.

Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely impact the Company's business, results of operations, and financial performance. The most significant risks and uncertainties faced by the Company are (in no specific order) are:

Limited Operating History

The Company has limited operating history as a technology investment company, and no operating history in making investments in the cryptocurrency or blockchain industries. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the cryptocurrency and blockchain market. There is no certainty that the Company will be able to operate profitably.

COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at the date of these consolidated financial statements.

No Profits to Date

The Company has not made profits since its incorporation and it is expected that it will not be profitable for the foreseeable future. Its future profitability will, in particular, depend upon its success in making strategic investments in companies involved in the cryptocurrency and blockchain industries, which themselves are able to generate significant revenues or capital appreciation. Because of the limited operating history, and the uncertainties regarding the development of the cryptocurrency market and blockchain technology, there are significant risks associated with the Company's investment strategy.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in developing a diversified and material portfolio of investments. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated investments.

Development of Cryptocurrencies

Cryptocurrency and blockchain technology is a young and rapidly growing business area. Although it is predicted that cryptocurrency will become an accepted means of digital payment, it cannot be assured that this will in fact occur. Currently, blockchain software is dependent on the widespread acceptance of cryptocurrency as a means of payment within the digital economy. For a number of reasons, including, for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, lack of availability of cost-efficient high-speed services and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, such cryptocurrency activities may prove in the long run to be an unprofitable means for businesses. In particular, the factors affecting the further development of the cryptocurrency

industry include: (a) Worldwide adoption and usage of cryptocurrencies; (b) Regulations by governments and/or by organizations directing governmental regulations regarding the use and operation of and access to cryptocurrencies; (c) Changes in consumer demographics and public behavior, tastes and preferences; (d) Redirection and liberalization of using fiat currencies as well as the development of other forms of publicly acceptable means of buying and selling goods and services; and (e) General economic conditions and the regulatory environment relating to cryptocurrencies.

Regulatory Risks

Changes in or more aggressive enforcement of laws and regulations could adversely impact companies involved in the cryptocurrency business. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could have an adverse impact on such businesses' future cash flows, earnings, results of operations and financial condition. Regulatory agencies could shut down or restrict the use of platforms or exchanges using virtual currencies or blockchain based technologies. This could lead to a loss of any investment made in the Company. The legal status of cryptocurrency varies substantially from country to country and is still undefined and changing in many of them. While some countries have explicitly allowed its use and trade, others have banned or restricted it. Likewise, various government agencies, departments, and courts have classified cryptocurrencies differently.

Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change

The success of any developer of cryptocurrency-based, blockchain platforms will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. Cryptocurrency has experienced and is expected to continue to experience significant growth in the number of users, amount of content and bandwidth availability. It cannot be assured that the cryptocurrency infrastructure will continue to be able to support the demands placed upon it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. It is further not assured that the infrastructure or complementary products or services necessary to make cryptocurrency a viable medium for digital payments will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs in order to adapt the Company's services to changing technologies. Intellectual Property Rights Companies involved in the development and operation of virtual currencies or blockchain based technologies may be dependent on intellectual property rights; the loss of which could harm its business, results of operations and its financial condition. There can be no assurance that any company's products will not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Any such claims and disputes arising may result in liability.

Dependence on Management Team

The Company currently depends on certain key senior managers to identify business opportunities and acquisitions. Management who have developed key relationships in the industry are also relied upon to oversee the core marketing, business development, operational and fundraising activities. As the blockchain and cryptocurrency technologies continue to become more competitive and regulated, the Company expects the competition for management and other skilled personnel to intensify. Competition for experienced senior management is intense and other companies with greater financial resources may offer a higher and more attractive compensation package to recruit our senior managers. If one or more of our senior managers are unable or unwilling to continue their positions with the Company, we may not be able to replace them easily. Failure to attract and retain qualified employees or the loss or departure in the short-term of any member of the senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Company's business, financial condition and results of operations.

Risks related to proposed acquisition of Glanis Pharmaceuticals Inc. ("Glanis")

Glanis's prospects depend on the success of product candidates which are at early stages of development, and Glanis may not generate revenue for several years from these products

Given the early stage of product development, Glanis cannot make any assurances that research and development programs will result in regulatory approval or commercially viable products. To achieve profitable operations Glanis must successfully develop, gain regulatory approval, and market future products. Glanis currently has no products that have been approved by the FDA, Health Canada ("HC"), or any similar regulatory authority. To obtain regulatory approvals for product candidates being developed and to achieve commercial success, clinical trials must demonstrate that the product candidates are safe for human use and that they demonstrate efficacy. Many product candidates never reach the stage of

clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Product candidates may fail for a number of reasons, including, but not limited to, being unsafe for human use or due to the failure to provide therapeutic benefits equal to or better than the standard of treatment at the time of testing. Unsatisfactory results obtained from a particular study relating to a research and development program may cause Glanis or its collaborators to abandon commitments to that program. Positive results of early preclinical research may not be indicative of the results that will be obtained in later stages of preclinical or clinical research. Similarly, positive results from early-stage clinical trials may not be indicative of favourable outcomes in later-stage clinical trials, Glanis can make no assurance that any future studies, if undertaken, will yield favourable results.

The early stage of product development makes it particularly uncertain whether any of its product development efforts will prove to be successful and meet applicable regulatory requirements, and whether any of the product candidates will receive the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed.

Glanis will continue to rely on third parties to plan, conduct and monitor preclinical studies and clinical trials and their failure to perform as required could cause substantial harm to business prospects

Glanis relies and will continue to rely on third parties to conduct a significant portion of preclinical and clinical development activities. If there is any dispute or disruption in relationships with third parties, or if they are unable to provide quality services in a timely manner and at a feasible cost, Glanis's active development programs will face delays. Further, if any of these third parties fails to perform as Glanis expects or if their work fails to meet regulatory requirements, Glanis's testing could be delayed, cancelled or rendered ineffective.

Failure to demonstrate safety and efficacy could cause additional costs and/or delays

The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. Glanis does not know whether the clinical trials it conducts will demonstrate adequate efficacy and safety to result in regulatory approval to market any of Glanis's product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk faced is the possibility that no product candidates under development will successfully gain market approval from the FDA or other regulatory authorities, resulting in us being unable to derive any commercial revenue from them after investing significant amounts of capital in their development.

If Glanis experiences delays in clinical testing, Glanis will be delayed in commercializing its product candidates, and its business may be substantially harmed

Glanis cannot predict whether any clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, or at all. Product development costs will increase if Glanis experiences delays in clinical testing. Significant clinical trial delays could shorten any periods during which Glanis may have the exclusive right to commercialize its product candidates or allow competitors to bring products to market before it is able to, which would impair the ability to successfully commercialize its product candidates and may harm Glanis's financial condition, results of operations and prospects. The commencement and completion of clinical trials for Glanis's products may be delayed for a number of reasons, including delays related, but not limited, to:

- failure by regulatory authorities to grant permission to proceed or placing the clinical trial on hold;
- patients failing to enroll or remain in Glanis's trials at the rate expected;
- any changes to Glanis's manufacturing process that may be necessary or desired;
- delays or failure to obtain clinical supply from CMOs of Glanis's products necessary to conduct clinical trials;
- product candidates demonstrating a lack of safety or efficacy during clinical trials;
- patients choosing an alternative treatment for the indications for which Glanis is developing any of its product candidates or participating in competing clinical trials;
- patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons;
- reports of clinical testing on similar technologies and products raising safety or efficacy concerns;
- competing clinical trials and scheduling conflicts with participating clinicians;
- clinical investigators not performing Glanis's clinical trials on their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner; or
- failure of Glanis's contract research organizations to satisfy their contractual duties or meet expected deadlines.

Regulatory approval processes are lengthy, expensive and inherently unpredictable

Glanis's development and commercialization activities and product candidates are significantly regulated by a number of governmental entities, including the FDA, HC and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and Glanis may fail to obtain the necessary approvals to commence or continue clinical testing. Glanis must comply with regulations concerning the manufacture, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products and product candidates and ultimately must obtain regulatory approval before Glanis can commercialize a product candidate. The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials. Any analysis of data from clinical activities Glanis performs is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if Glanis believes results from its clinical trials are favorable to support the marketing of Glanis's product candidates, the FDA or other regulatory authorities may disagree. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. Glanis has not obtained regulatory approval for any product candidate and it is possible that none of Glanis's existing product candidates or any future product candidates will ever obtain regulatory approval. Glanis could fail to receive regulatory approval for its product candidates for many reasons, including, but not limited to:

• disagreement with the design or implementation of Glanis clinical trials;
• failure to demonstrate that a product candidate is safe and effective for its proposed indication;
• failure of clinical trials to meet the level of statistical significance required for approval;
• failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
• disagreement with Glanis's interpretation of data from preclinical studies or clinical trials;
• the insufficiency of data collected from clinical trials of Glanis's product candidates to support the submission and filing of a biologic license application or other submission to obtain regulatory approval;
• deficiencies in the manufacturing processes or the failure of facilities of CMOs with which Glanis contracts for clinical and commercial supplies to pass a pre-approval inspection; or
• changes in the approval policies or regulations that render Glanis's preclinical and clinical data insufficient for approval.

A regulatory authority may require more information, including additional preclinical or clinical data to support approval, which may delay or prevent approval and Glanis's commercialization plans or Glanis may decide to abandon the development program. If Glanis were to obtain approval, regulatory authorities may approve any of Glanis's product candidates for fewer or more limited indications than Glanis requests, may grant approval contingent on the performance of costly post-marketing clinical trials or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Moreover, depending on any safety issues associated with Glanis's product candidates that garner approval, the FDA may impose a risk evaluation and mitigation strategy, thereby imposing certain restrictions on the sale and marketability of such products