QUIZAM MEDIA CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MAY 31, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Quizam Media Corporation

Opinion

We have audited the consolidated financial statements of Quizam Media Corporation and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at May 31, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, changes in deficiency and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and 2019, its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated 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, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, 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 Consolidated Financial Statements

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

In preparing the consolidated 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.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 consolidated 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 consolidated 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 auditors’ report to the related disclosures in the consolidated 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 auditors’ 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 audits resulting in this independent auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
September 28, 2020

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	As at May 31, 2020 $	As at May 31, 2019 $
ASSETS		
Current		
Cash and cash equivalents	6,435	252,278
Accounts receivable	30,287	17,236
Sales taxes recoverable	21,928	43,858
Prepaid expenses and deposits	35,423	32,256
Inventory (Note 3)	19,139	–
Total current assets	113,212	345,628
Property and equipment (Note 4)	887,057	79,210
Total assets	1,000,269	424,838
LIABILITIES		
Current		
Accounts payable and accrued liabilities	641,935	275,915
Deferred lease inducement	–	26,956
Deferred revenue	13,428	49,260
Due to related parties (Note 10)	263,538	238,246
Lease liabilities – Current (Note 17)	266,842	–
Loan payable – Current (Note 16)	30,000	–
Total current liabilities	1,215,743	590,377
Deferred lease inducement	–	9,519
Lease liabilities – Long-term (Note 17)	576,307	–
Loan payable – Long-term (Note 16)	40,000	–
Total liabilities	1,832,050	599,896
DEFICIENCY		
Share capital (Note 5)	21,083,180	20,115,171
Contributed surplus	2,750,976	2,734,356
Deficit	(24,665,937)	(23,024,585)
Total deficiency	(831,781)	(175,058)
Total liabilities and deficiency	1,000,269	424,838

Nature and continuance of operations (Note 1)
Subsequent events (Note 19)

APPROVED ON BEHALF OF THE BOARD ON SEPTEMBER 28, 2020

/s/ “Russ Rossi”
Russ Rossi, Director

/s/ “Jim Rosevear”
Jim Rosevear, Director

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Year Ended May 31 2020	Year Ended May 31 2019
	$	$
REVENUES		
Training services and software sales	448,117	781,874
Consulting fee revenue	169,693	108,210
Retail sales	200,747	–
	818,557	890,084
EXPENSES		
Accounting and legal (Note 10)	145,221	169,882
Automobile	23,819	27,151
Bank charges and finance fees	77,041	7,358
Depreciation	282,238	32,899
Investor and finance development (Note 10)	103,099	196,996
Management fees (Note 10)	114,000	144,000
Office and miscellaneous (Note 10)	207,731	157,446
On-Track TV development costs (Note 9 and 10)	43,923	326,008
Regulatory fees	18,387	34,157
Rent	56,723	308,851
Research and development (Note 10)	203,354	565,190
Retail inventory (Note 3)	153,193	–
Software development costs (Note 10)	13,740	26,273
Share-based compensation (Note 10)	–	294,726
Subcontractors (Note 10)	744,382	221,924
Telephone and internet	24,913	23,932
Travel and business development (Note 10)	129,579	462,683
Wages and benefits (Note 10)	267,039	281,532
	2,608,382	3,281,008
LOSS BEFORE OTHER ITEMS	(1,789,825)	(2,390,924)
OTHER ITEMS		
Interest income	181	450
Recovery of accrued expenses (Note 13)	111,817	–
NET LOSS AND COMPREHENSIVE LOSS	(1,677,827)	(2,390,474)
LOSS PER SHARE BASIC AND DILUTED (Note 19)	(0.32)	(0.66)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (Note 19)	5,223,155	3,639,250

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

	Year Ended May 31, 2020 $	Year Ended May 31, 2019 $
OPERATING ACTIVITIES		
Net loss	(1,677,827)	(2,390,474)
Add back non-cash items:		
Depreciation	282,238	32,899
Share-based compensation	–	294,726
Lease interest expense	56,340	–
Recovery of accrued expenses	(111,817)	–
	(1,451,066)	(2,062,849)
Changes in non-cash working capital items:		
Accounts receivable	(13,051)	(3,576)
Prepaid expenses and deposits	(3,167)	(652)
Sales taxes recoverable	21,930	(30,340)
Inventory	(19,139)	–
Accounts payable and accrued liabilities	477,837	185,953
Deferred lease inducement	–	(2,355)
Due to related parties	25,292	(4,289)
Deferred revenue	(35,832)	24,559
CASH USED IN OPERATING ACTIVITIES	(997,196)	(1,893,549)
FINANCING ACTIVITIES		
Issuance of common shares, net	984,629	2,082,955
CASH PROVIDED BY FINANCING ACTIVITIES	984,629	2,082,955
INVESTING ACTIVITIES		
Acquisition of property and equipment	(28,910)	(13,381)
Loans received	70,000	–
Lease payments made	(274,366)	–
CASH USED IN INVESTING ACTIVITIES	(233,276)	(13,381)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(245,843)	176,025
CASH AND CASH EQUIVALENTS – BEGINNING	252,278	76,253
CASH AND CASH EQUIVALENTS – ENDING	6,435	252,278
SUPPLEMENTAL INFORMATION		
Interest paid	–	–
Income tax paid	–	–

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY

FOR THE YEARS ENDED MAY 31, 2020 AND 2019

(Expressed in Canadian dollars)

	Number of Common Shares	Amount $	Contributed Surplus $	Share Subscriptions (Receivable) Received $	Deficit $	Total $
As at May 31, 2018	**30,937,044**	**18,138,016**	**2,439,630**	**(105,800)**	**(20,634,111)**	**(162,265)**
Units issued for cash	23,135,080	1,872,155	–	105,800	–	1,977,955
Warrants exercised	700,000	105,000	–	–	–	105,000
Share-based compensation	–	–	294,726	–	–	294,726
Net loss for the year	–	–	–	–	(2,390,474)	(2,390,474)
As at May 31, 2019	**54,772,124**	**20,115,171**	**2,734,356**	**–**	**(23,024,585)**	**(175,058)**
Balance previously reported, May 31, 2019	**54,772,124**	**20,115,171**	**2,734,356**	**–**	**(23,024,585)**	**(175,058)**
IFRS 16 transitional amount (Note 2)	–	–	–	–	36,475	36,475
Units issued for cash	16,600,000	988,000	8,000	–	–	996,000
Share issuance costs	–	(19,991)	8,620	–	–	(11,371)
Net loss for the year	–	–	–	–	(1,677,827)	(1,677,827)
As at May 31, 2020	**71,372,124**	**21,083,180**	**2,750,976**	**–**	**(24,665,937)**	**(831,781)**

1. CORPORATE INFORMATION, NATURE AND CONTINUANCE OF OPERATIONS

Quizam Media Corporation (the "Company") was incorporated on September 15, 2000 under the provisions of the Company Act of British Columbia. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "QQ". The Company's principal business activities consist of providing computer training and consulting services, marketing of a computer based educational program, film production, consulting services and cannabis retail sales. The Company has operated retail cannabis dispensaries since November 2019. The address of the Company's corporate office and its principal place of business is Suite 650 – 609 Granville Street, Vancouver, BC, V7Y 1G6.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has a history of significant losses, sizeable accumulated deficits and working capital deficits. These factors form a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on completing equity financings, obtaining support from related parties or generating consistent profitable operations in the future.

The Company's operations related to in-class training could continue to be significantly adversely affected by the effects of a COVID-19 pandemic. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance and Basis of Presentation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, On-Track Computer Training Ltd., Quizam Entertainment LLC and Quantum 1 Cannabis Corp. The Company incorporated the wholly owned subsidiary, Quantum 1 Cannabis Corp., on October 16, 2018, which is consolidated beginning on the date of incorporation.

All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, have been eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

	Principal activity	Place of incorporation and operation	Ownership interest May 31, 2020	Ownership interest May 31, 2019
On-Track	Computer training and consulting services	Canada	100%	100%
Quizam Entertainment LLC	Inactive	United States	100%	100%
Quantum 1 Cannabis Corp.	Consulting services in cannabis industry and retail dispensaries	Canada	100%	–

c) Estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Significant areas requiring the use of management estimates relate to calculating an allowance for doubtful accounts, the measurement of share-based compensation, and expected lives of long-lived assets. Actual results could differ from those estimates. Significant judgements are applied by management to determine whether sales have met the Company's revenue recognition criteria, the assessment of the Company's ability to continue as a going concern and the assessment of the probability of realizing deferring income tax assets based on the likelihood of generating taxable income in the future. Different judgement could yield different results.

d) Foreign currency translation

Foreign currency denominated assets and liabilities of operations are translated into Canadian dollars at exchange rates prevailing at the consolidated statement of financial position date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Revenues and expenses are converted at the average exchange rate for the reporting period. Gains or losses on translation are included in operations. The Company's functional and presentation currency is the Canadian dollar.

e) Cash and cash equivalents

The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents.

f) Property and equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Computer hardware	3 years
Furniture and fixtures	5 years
Library	5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Property and equipment (continued)

Leasehold improvements are depreciated using the straight-line method over the estimated term of the related lease.

Right-of-use assets are depreciated over the term of the lease.

g) Long-lived assets and impairment

The Company evaluates, on an ongoing basis, the carrying value of property and equipment for indications of impairment at each statement of financial position date or if an indication of impairment occurs.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the consolidated statement of operations and comprehensive loss for the period.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset’s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

h) Loans receivable and notes payable

Loans receivable and notes payable are carried at amortized cost using the effective interest method. Any finance charges are deferred and recognized over the life of the loan.

i) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred.

Share issue costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

j) Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Income taxes (continued)

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which deductions and tax losses can be utilized.

k) Revenue recognition

The Company recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers, which establishes a single five-step model framework for determining the nature, amount, timing an uncertainty of revenue and cash flow arising from the Company's contracts with customers. The five-step model is described below:

Step 1: Identify the contract;
Step 2: Identify separate performance obligations;
Step 3: Determine transaction price;
Step 4: Allocate the transaction price to the performance obligations; and
Step 5: Recognize revenue when performance obligation is satisfied.

The Company has the following types of revenue streams:

i. Training revenue
Training revenues are recorded when a customer attends a course, this is the date at which the performance obligations are satisfied by the Company and costs of the transaction can be reliably measured, the amount of revenue can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Company. Revenue is recognized at a point in time once a course has been provided. Any prepayments made for courses to occur in the future represent contract liabilities and are classified as deferred revenue.

ii. On-Track TV revenue
On-Track TV revenues are those whereby customers sign up and pay for access to a video library. Performance obligations are satisfied when access to the On-Track TV website has been granted, at which point the revenues are recorded provided that collection is probable.

iii. Software revenue
The Company records revenue from the sale of software when the customers download the software from the Company's website (i.e. performance obligation is satisfied) and collection is reasonably assured which is generally when direct payment is received.

iv. License fee revenue
License fees are recorded in the accounts when all conditions have been met under the license agreement, the licensee is satisfied with the operations of the software, and collection is probable, which is generally when payment is received.

v. Movie distribution license revenue
Movie distribution license revenues are recorded in the accounts when all conditions have been met under the license agreement, and collection is probable, which is generally when payment is received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue recognition (continued)

vi. Consulting fee revenue

Consulting fee revenue is earned from management oversight services provided to cannabis producers at customer's site. Performance obligations are considered satisfied once the monthly consulting services have been provided. At this point revenue is recognized provided that collectability is assured.

v. Cannabis retail sales

The Company sells pre-packaged cannabis products and accessories at its retail locations. These sales consist of one performance obligation. This obligation is satisfied when control of the goods is transferred to a customer. In return, the customer pays for goods at a fixed price upon delivery of the goods. The Company recognizes revenue from the sale of cannabis and related accessories at the time of sale as revenue recognition criteria are considered to be met.

The Company's revenue streams do not have any significant financing components or variable consideration. Revenue is recognized net of allowances and discounts.

l) Inventory

Inventory is represented by pre-packaged cannabis products purchased from a licensed wholesaler (e.g. flowers, oils, pre-rolls, vape cartridges, edibles) and related accessories. These are initially measured at cost, including directly related shipping costs, using the weighted average basis. Inventory is measured at the lower of cost and net realizable value ("NRV"), which is represented by the estimated selling price in ordinary course of business less estimated cost to sell.

At each reporting period, the Company reviews inventory for obsolete and slow-moving items. Any such items are written down to the NRV.

m) Share-based compensation

The Company records all share-based compensation at its fair value. The share-based compensation costs are charged to operations over the stock option vesting period and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest.

On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus.

The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Earnings (Loss) per share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted income (loss) per share.

o) The existence of warrants and options affects the calculation of earnings (loss) per share on a fully diluted basis. As the effect of this dilution is to increase the reported earnings per share and reduce the reported loss per share and diluted per share amounts excludes all potential common shares if their effect is anti-dilutive, basic and diluted loss are the same.Development costs

Development costs are expensed as incurred, except in cases where development costs meet certain identifiable criteria for deferral. The Company has not capitalized any product development costs during the period.

p) Financial instruments

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and, where allowed and appropriate, re-evaluates this designation at every reporting date. All financial instruments are recognized when the Company becomes a party to contractual provisions of these instruments. Financial instruments initially recorded at fair value. Financial assets are classified into one of three categories: amortized cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”). Financial liabilities are subsequently measured at amortized cost using effective interest method, except for financial liabilities at FVTPL, financial guarantee contracts, loan commitments as below-market interest rate, and liabilities related to contingent consideration of an acquirer in a business combination.

Financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable, due to related parties and loans payable. Management accounts for financial instruments as follows:

i. Financial assets

Amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest method. Accounts receivable are measured at amortized cost.

Fair value through other comprehensive income

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and sell financial assets, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Financial instruments (continued)

Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings. The Company currently has no financial assets designated as FVTOCI. *Fair value through profit or loss*

By default, all other financial assets are measured subsequently at FVTPL. The Company's cash is measured at FVTPL.

ii. Financial liabilities

Financial liabilities at amortized cost include accounts payable, loans payable and amounts due to related parties. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of operations and comprehensive income (loss).

q) New accounting standards adopted

IFRS 16 Leases

In January 2016, the IASB published a new standard, IFRS 16, *Leases*, replacing IAS 17, *Leases* and related interpretations. The new standard eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. Effective June 1, 2019, the Company adopted this standard using the modified retrospective approach under which the cumulative effect of initial application was recognized in retained earnings at June 1, 2019. Prior periods have not been restated for the impact of IFRS 16. Comparative information is still reported under IAS 17 and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. The impact of this change in accounting policy is noted below.

For contracts entered into before June 1, 2019, the Company determined whether the arrangement contained a lease under IAS 17. Prior to the adoption of IFRS 16, these leases were classified as operating or finance leases based on an assessment of whether the lease transferred significantly all the risks and rewards of ownership of the underlying asset. The Company leases office space.

On transition, the Company elected to apply the practical expedient to the determination of which contract is or contains a lease and applied IFRS 16 to those contracts that were previously identified as leases. Upon transition to the new standard, right-of-use assets and lease liabilities were measured at the present value of the remaining lease payments discounted by the Company's incremental borrowing rate as at June 1, 2019. The non-cash adjustment has been excluded from the Statement of Cash Flows. The weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 7%.

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) New accounting standards adopted (continued)

For contracts entered into subsequent to June 1, 2019 at inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets is tested for impairment in accordance with IAS 36, *Impairment of Assets*. This replaced the previous requirement to recognize a provision for onerous lease contacts.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of comprehensive loss.

Adoption of IFRS 16 had the following impact on the financial position as at June 1, 2019:

	(As Previously Reported Under IAS 17) May 31, 2019 $	IFRS 16 Effects $	June 1, 2019 $
Assets			
Property and equipment	79,210	1,061,175	1,140,385
Total Assets	424,838	1,061,175	1,486,013

	(As Previously Reported Under IAS 17) May 31, 2019 $	IFRS 16 Effects $	June 1, 2019 $
Liabilities			
Deferred lease inducement	36,475	(36,475)	–
Lease liabilities	–	1,061,175	1,061,175
Total Liabilities	599,896	1,024,700	1,624,596
Deficit	(23,024,585)	36,475	(22,988,110)

(Expressed in Canadian dollars)

3. INVENTORY

a) Inventory is comprised of the following:

	May 31, 2020 $	May 31, 2019 $
Finished goods	44,029	–
Less: inventory write-down	(24,890)	–
Total inventory (lower of cost and NRV)	19,139	–

Inventory expensed in the retail inventory expense for the year ended May 31, 2020 amounted to $103,413 (2019 - $Nil). The reserve for impaired inventory is based on management estimates, past experience, condition of the inventory and regulatory changes. During the year ended May 31, 2020, the Company wrote-down inventory in the amount of $24,890 (2019 – $Nil) in relation to slow-moving accessories inventory.

b) Retail Inventory Expense

Retail inventory expense is comprised of the purchase of finished goods sold during the period in the amount of $125,881, directly attributable shipping costs in the amount of $2,422 and inventory write-down of $24,890.

4. PROPERTY AND EQUIPMENT

Cost	Computer Hardware	Furniture and Fixtures	Leasehold Improvements	Library	Right-of-use Assets	Total
As at May 31, 2018	$ 415,836	$ 93,780	$ 89,537	$ 4,755	$ –	$ 603,907
Additions	5,825	7,556	–	–	–	13,381
As at May 31, 2019	$ 421,661	$ 101,336	$ 89,537	$ 4,755	$ –	$ 617,289
IFRS 16 transition	–	–	–	–	1,061,175	1,061,175
Additions	–	8,672	18,242	1,996	–	28,910
As at May 31, 2020	$ 421,661	$ 110,008	$ 107,779	$ 6,751	$ 1,061,175	$1,707,374
Accumulated Depreciation						
As at May 31, 2018	$ 385,747	$ 80,166	$ 34,512	$ 4,755	$ –	$ 505,179
Depreciation	15,304	4,611	12,984	–	–	32,899
As at May 31, 2019	$ 401,051	$ 84,777	$ 47,496	$ 4,755	–	$ 538,079
Depreciation	15,968	5,157	14,418	400	246,295	282,238
As at May 31, 2020	$ 417,019	$ 89,934	$ 61,914	$ 5,155	$ 246,295	$ 820,317
Carrying Amounts						
Balance, May 31, 2019	$ 20,610	$ 16,559	$ 42,041	$ –	$ –	$ 79,210
Balance, May 31, 2020	$ 4,642	$ 20,074	$ 45,865	$ 1,596	$ 814,880	$ 887,057

5. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common voting shares without par value.

Transaction during the twelve months ended May 31, 2020:

On September 20, 2019, the Company issued 4,000,000 units at a price of $0.06 per unit for proceeds of $240,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable for two years at a price of $0.15 per share for the first year and $0.25 per share for the second year.

On October 28, 2019, the Company issued 4,300,000 units at a price of $0.06 per unit for proceeds of $258,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable for two years at a price of $0.15 per share for the first year and $0.25 per share for the second year. The company incurred costs of $91 as finder's fee.

On February 06, 2020, the Company issued 7,500,000 units at a price of $0.06 per unit for proceeds of $450,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable for two years at a price of $0.12 per share for the first year and $0.20 per share for the second year. The Company issued 188,000 warrants as finder's fee with a fair value of $8,620. The Company also incurred additional costs of $11,280 as finder's fee. The Company's CEO subscribed for 650,000 units.

On March 05, 2020, the Company issued 800,000 units at a price of $0.06 per unit for proceeds of $48,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable for two years at a price of $0.12 per share for the first year and $0.20 per share for the second year.

Transaction during the twelve months ended May 31, 2019:

On August 21, 2018, the Company issued 4,200,000 units at a price of $0.06 per unit for proceeds of $252,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.10 per share. The Company's CEO subscribed for 400,000 units.

On October 22, 2018, the Company issued 4,375,000 units at a price of $0.08 per unit for proceeds of $350,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.20 per share. The Company's CEO subscribed for 400,000 units.

On November 1, 2018, the Company issued 4,150,000 units at a price of $0.08 per unit for proceeds of $332,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.20 per share. The Company's CEO subscribed for 200,000 units.

On November 19, 2018, the Company issued 4,500,000 units at a price of $0.10 per unit for proceeds of $450,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.18 per share.

On December 4, 2018, the Company issued 1,000,000 units at a price of $0.12 per unit for proceeds of $120,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.20 per share. The Company's CEO subscribed for 183,333 units.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

On February 21, 2019, the Company issued 4,910,080 units at a price of $0.075 per unit for proceeds of $368,256. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.15 per share. The Company incurred share issuance costs of $101. The Company's CEO subscribed for 266,680 units.

During the year ended May 31, 2019, the Company issued 700,000 shares upon the exercise of warrants at $0.15 per share for gross proceeds of $105,000.

6. STOCK OPTIONS

The Company grants stock options to directors, officers, employees, and consultants as compensation for services, pursuant to its Incentive Share Option Plan (the "Plan"). Under the Plan, the option exercise price must not be lower than the greater of the closing market prices of the common shares of the Company on the CSE on (a) the trading day prior to the date of grant of the stock options; and (b) the date of the grant of the stock options. The number of options that may be issued under the plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Options vest immediately. Vesting restrictions may also be applied to certain other options grants, at the discretion of the directors.

The following table summarizes the continuity of the Company's stock options:

	Number of Underlying Shares	Weighted Average Exercise Price
Outstanding, May 31, 2018	1,505,000	$ 0.23
Granted	1,930,000	0.28
Expired/Cancelled	(200,000)	0.46
Outstanding, May 31, 2019	3,235,000	$ 0.24
Granted	–	–
Expired/Cancelled	(1,355,000)	0.19
Outstanding, May 31, 2020	1,880,000	$ 0.27

All of the options outstanding at May 31, 2020 were fully vested.

The weighted average remaining contractual life of the stock options outstanding as at May 31, 2020 was 1.46 years (2019 – 1.72 years).

No stock options were granted during the year ended May 31, 2020. The fair value for stock options granted during the year ended May 31, 2019, was estimated using the Black- Scholes option pricing model using the following weighted average assumptions:

	2019
Risk-free interest rate	2.26%
Expected life (in years)	3.00
Expected volatility	242%
Expected forfeitures	0%
Dividend yield	0%

The weighted average grant date fair value of stock options granted during the year ended May 31, 2019 was $0.15.

(Expressed in Canadian dollars)

7. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of Underlying Shares	Weighted Average Exercise Price
Balance, May 31, 2018	15,580,000	$ 0.14
Expired	(480,000)	0.50
Exercised	(700,000)	0.15
Issued	23,135,080	0.17
Balance, May 31, 2019	37,535,080	$ 0.17
Expired	(2,000,000)	$ 0.50
Issued	16,788,000	$ 0.13
Balance, May 31, 2020	52,323,080	$ 0.15

The fair value for warrants granted as finder's fees during the year ended May 31, 2020 was estimated using the Black- Scholes option pricing model using the following weighted average assumptions:

	2020
Risk-free interest rate	1.51%
Expected life (in years)	2.00
Expected volatility	155%
Expected forfeitures	0%
Dividend yield	0%

At May 31, 2020, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
3,900,000	$0.25	February 2, 2021
8,500,000	$0.10	May 29, 2021
4,200,000	$0.10	August 21, 2021
4,375,000	$0.20	October 22, 2021
4,150,000	$0.20	November 5, 2021
4,500,000	$0.18	November 21, 2021
1,000,000	$0.20	December 06, 2021
4,910,080	$0.15	February 26, 2022
4,000,000	$0.15*	September 20, 2021
4,300,000	$0.15**	October 28, 2021
7,688,000	$0.12***	February 06,2022
800,000	$0.12****	March 05, 2022
52,323,080		

* Exercise price increases to $0.25 per share on September 16, 2020
** Exercise price increases to $0.25 per share on October 29, 2020
*** Exercise price increases to $0.20 per share on February 06, 2021
**** Exercise price increase to $0.20 per share on March 06, 2021

The weighted average remaining contractual life of the warrants outstanding as at May 31, 2020, was 1.35 years (2019 – 2.17 years).

(Expressed in Canadian dollars)

8. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Company derives revenue from two primary industries, Software and Cannabis. Software includes sales from training services, software sales and licensing sales. Cannabis includes retail product sales and consulting fee revenue.

(a) Training Services and UK On-Track TV sales and expenses for the years ended May 31, 2020 and 2019, respectively:

	2020 $	2019 $
Revenue	448,117	615,380
Expenses	(992,540)	(1,121,054)
Profit (loss)	(544,423)	(505,674)

During the year ended May 31, 2020, the Company recognized training service revenue in the amount of $49,260 previously included in deferred revenue (2019 - $24,701).

(b) Software and Licensing sales and expenses for the years ended May 31, 2020 and 2019, respectively:

	2020 $	2019 $
Revenue	–	165,510
Expenses	(87,058)	(348,158)
Profit (loss)	(87,058)	(182,648)

(c) Quantum 1 Cannabis's retail sales and consulting services sales and expenses for the years ended May 31 29, 2020 and 2019, respectively:

	2020 $	2019 $
Retail sales	200,747	–
Retail inventory	(153,193)	–
Gross profit	47,554	–
Consulting revenue	169,693	108,210
Other expenses	(564,355)	(253,504)
Profit (loss)	(347,108)	(145,294

(d) Head office expenses for the years ended May 31, 2020 and 2019 were as follows:

	2020 $	2019 $
Revenue	–	–
Expenses	(811,236)	(1,558,292)
Loss	(811,236)	(1,558,292)

(Expressed in Canadian dollars)

8. SEGMENTED INFORMATION (continued)

The Company's operations are centralized whereby the Company's head office is responsible for the operational results. All of the Company's assets are in Canada. The Company's revenues include sales generated in Canada and USA as follows:

	2020 $	2019 $
Canada	642,134	614,882
USA	169,693	273,720
Europe	6,730	1,482
	818,557	890,084

9. PRODUCT DEVELOPMENT COSTS

(a) On-Track TV

The costs associated with development of the On-Track TV, which are included in expenses for the years ended May 31, 2020 and 2019, are as follows:

	2020 $	2019 $
Salary, wages and fees	5,413	95,705
On-Track TV development costs	43,923	326,008
	49,336	421,713

(b) Quizam software

The costs associated with development of the Quizam educational software, which are included in the consolidated statement of operations, and comprehensive loss for the years ended May 31, 2020 and 2019, are as follows:

	2020 $	2019 $
Salary, wages and fees (management, programming and marketing)	52,680	199,180
Software development costs	13,740	26,273
	66,420	225,453

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

(a) Key management compensation

The Company has identified its Directors, President and Chief Executive Officer, and Chief Financial Officer as its key management personnel and the compensation costs and fees related to them were recorded at their exchange amounts as agreed upon by transacting parties. Expenses incurred for key management compensation are summarized as follows:

	2020 $	2019 $
Management fees	114,000	144,000
Share-based compensation	–	145,072
	114,000	289,072

For the years ended May 31, 2020 and 2019, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

(b) Amounts due to related parties

At May 31, 2020, $263,538 (2019 – $238,246) was owed to a significant shareholder and companies owned by a significant shareholder, who is also a director and officer, and to a company owned by his relative. The amounts are unsecured, non-interest bearing and have no specific terms of repayment.

(c) Related party transactions

During the year ended May 31, 2020, an amount of $740,911 (2019 - $1,564,593) was included in expenses for services provided by companies owned by a significant shareholder, who is also a director and officer, and immediate family of the significant shareholder. The breakdown of expenses included in the consolidated statement of operations and comprehensive loss is as follows:

	2020 $	2019 $
Accounting and legal	71,650	121,950
Investor and finance development	57,200	103,444
Management fees	114,000	144,000
Office and miscellaneous	93,485	72,721
On-Track TV development costs	38,510	241,403
Research and development	203,354	565,190
Software development costs	11,500	21,150
Subcontractors	102,097	7,800
Travel and business development	1,450	226,875
Wages and benefits	47,665	60,060
	740,911	1,564,593

(Expressed in Canadian dollars)

11. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares, options and warrants for a total amount of $23,834,156 at May 31, 2020 (2019 – $22,849,527). The Company's principal source of capital is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital funding to be able to meet the Company's educational software development, internet training development, film production, retain cannabis operations and to ensure the growth of activities. The Company is not subject to external capital requirements.

12. LINE OF CREDIT

As at May 31, 2020, the Company has a line of credit of $5,000 bearing interest at the bank's prime rate plus five percent. The line of credit is guaranteed by the assets of the Company. There was no outstanding balance as of May 31, 2020 and 2019.

13. CONTINGENCY AND LEASE TERMINATIONS

During the year ended May 31, 2020, a supplier to the Company identified certain amounts owing for goods and services, which the Company has not received. Accordingly, management believes that no obligation exists, and a payment is not probable. No amounts have not been accrued in these financial statements.

During the year ended May 31, 2019, the Company entered into lease agreements in anticipation of opening certain retail locations that required payments in the amount of $111,817, which were accrued in the financial statements for the year ended May 31, 2019. During the year ended May 31, 2020, these leases terminated. As a result, no amounts were required to be paid, and the Company recognized a gain of $111,817 in connection with the reversal of these accruals.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, and due to related parties. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	May 31, 2020 $	May 31 2019 $
FVTPL (i)	6,435	252,278
Financial assets at amortized cost (ii)	30,287	17,236
Financial liabilities at amortized cost (iii)	(975,473)	(514,161)

(i) Cash and cash equivalents
(ii) Accounts receivable
(iii) Accounts payable, loans payable and amounts due to related parties

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	Level	May 31, 2020 $	May 31, 2019 $
Cash and cash equivalents	1	6,435	252,278

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, to minimize operational and legal risks.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable. Credit risk from accounts receivable encompasses the default risk of its customers. The Company manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations of its customers' financial condition and requires letters of credit or other guarantees whenever deemed appropriate. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The following table provides information regarding the aging of financial assets that are past due but which are not impaired as at May 31, 2020:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable	$ 30,287	-	-	-	30,287

Liquidity Risk

The Company manages its ability to meet its short-term obligations through the capital management described in Note 11. The Company has a working capital deficit and requires additional financing to fund operations.

Foreign Exchange Risk

As the Company generates a portion of its revenues in the U.S., the Company's foreign exchange risk arises with respect to the U.S. dollar. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 20% of the Company's revenues are denominated in U.S. dollars (2019 – 30.8%) while a significant amount of the Company's expenses are denominated in Canadian dollars. Fluctuation of foreign exchange rate between U.S. dollar and Canadian dollar is not considered to have a material impact on the Company's financial statements.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Rate Risk

In management's opinion, the Company is not exposed to significant interest rate risk.

15. GOVERNMENT GRANT

Canada Emergency Wage Subsidy (CEWS)

The Federal Government of Canada passed legislation, providing Canada Emergency Wage Subsidy on April 11, 2020. CEWS is a wage subsidy for eligible Canadian employer whose business has been affected by COVID-19. The CEWS helps businesses keep employees on the payroll and encourage employers to re-hire workers previously laid off, and better positions businesses to bounce back following the crisis. The CEWS is originally for up to 24 weeks, retroactive from March 15, 2020 to June 6, 2020.

At May 31, 2020, an amount of $28,686 CEWS (2019 – $nil) was credited to wages and benefits in the consolidated statement of operations and comprehensive loss, and an amount of $22,033 CEWS (2019 – $nil) was received before May 31, 2020 and the remainder was received on June 16, 2020. There are no unfulfilled conditions and outstanding contingencies regarding the CEWS.

16. LOANS

Canada Emergency Business Account (CEBA)

CEBA is originally launched on April 9, 2020, to support businesses by providing financing for their expenses that cannot be avoided or deferred as they take steps to safely navigate a period of shutdown due to COVID-19. The program provides interest-free loans of up to $40,000. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to $10,000)

The Company obtained the amount of $40,000 CEBA loan from the Vancouver City Savings Credit Union (Vancity). The loan agreement states that the Company has an option to extend the Credit Facility to a 3 year Term Loan with the interest rate is 5% per annum from January 01, 2023 until December 31, 2025, and the interest rate is 0% prior December 31, 2022. No principal repayments are required until December 31, 2020. The Company is intending to repay the loan by end of December 31, 2022.

Short Term Loan from a Private Investor

The Company received a loan of $30,000 from a private investor at 12% of annual interest rate on April 1, 2020 for general working capital purpose. The loan was settled subsequent to May 31, 2020 through issuance of 150,000 Units to the investor in the Company's July 2020 private placements. The Units consisted of one common share and one-half of a warrant, exercisable at a price of $0.20 for a period of 18 months. Total interest paid for the loan is $600 as at May 31, 2020.

(Expressed in Canadian dollars)

17. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Lease liabilities consist of leases for office space and storefront locations. The leases have been discounted using a 7% interest rate. Upon adoption of IFRS 16 on June 1, 2019, the Company recorded a lease obligation and corresponding right-of-use asset for $1,061,175.

Balance at June 1, 2019	$ 1,061,175
Interest expense	56,340
Lease payments	(274,366)
Balance at May 31, 2020	$ 843,149
Less: current portion	(266,842)
	$ 576,307

As at May 31, 2020, the balance of the right-of-use asset is as follows:

Balance as at June 1, 2019	$ 1,061,175
Depreciation	(246,295)
Balance as at May 31, 2020	$ 814,880

18. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2020 $	2019 $
Canadian statutory income tax rate	27%	27%
Net loss before tax per financial statements	1,677,827	2,390,474
Income tax recoverable at statutory rates	453,013	645,428
Permanent differences and other	(15,786)	(80,049)
Differences in future tax rate	–	(3,237)
Unrecognized tax assets	(437,227)	(562,142)
Income tax recoverable	–	–

The tax effects of temporary differences that give rise to significant portions of the potential deferred tax assets are as follows:

	2020 $	2019 $
Future effective tax rate	27%	27%
Deferred income tax assets		
Non-capital losses carried forward	4,750,057	4,313,765
Property, equipment and other	101,362	91,294
Share issuance costs	6,804	15,938
Unrecognized deferred tax assets	(4,858,223)	(4,420,997)
Net deferred income tax assets	–	–

(Expressed in Canadian dollars)

18. INCOME TAXES (continued)

The Company has approximately $17,592,804 (2019 – $15,976,907) in Canadian non-capital losses for tax purposes which may be used to reduce income taxes of future years and will expire as follows:

	$
2026	834,329
2027	1,065,796
2028	1,255,435
2029	1,159,201
2030	980,292
2031	1,069,816
2032	1,039,129
2033	680,374
2034	885,536
2035	955,183
2036	1,278,023
2037	1,672,765
2038	1,023,436
2039	2,077,594
2040	1,615,895
	17,592,804

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

19. SUBSEQUENT EVENTS

On June 1, 2020, the Company completed a 12 to 1 share consolidation. Earnings per share and weighted average shares outstanding have been adjusted for the share consolidation.

On July 10, 2020, the Company entered into a new lease agreement, commencing on August 1, 2020 and terminating on May 31, 2021 to sublease one of the retail stores. There is an 18% rate per annum if the Company fails to the amounts due.

On July 17, 2020, the Company issued 4,475,000 post-consolidation units at a price of $0.20 per unit for proceeds of $895,000. Each unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable for eighteen months at a price of $0.30 per share.

On July 29, 2020, the Company issued 1,275,000 post-consolidation units at a price of $0.20 per unit for proceeds of $255,000. Each unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable for eighteen months at a price of $0.30 per share. The Company also agreed to issue 375,000 agents' warrants exercisable at $0.30 per share until January 30, 2022.

19. SUBSEQUENT EVENTS (continued)

On August 05, 2020, the Company issued 2,100,000 post-consolidation units at a price of $0.20 per unit for settlement of debt $420,000.

On August 19, 2020, the Company cancelled 152,500 incentive stock options. The options were granted in February and November 2018 to directors, consultants, and employees.

On August 19, 2020, the Company granted incentive stock options to purchase a total 1,366,000 post-consolidation common shares to its directors, employees, and consultants. The option exercise price is $0.40 per share and have an eighteen-month term which expires February 19, 2022.

Subsequent to year ended May 31, 2020, the Company applied for the Canada Emergency Commercial Rent Assistance ("CECRA") program whereby the government lowers the rent by 75% for small businesses that have been affected by COVID-19. Total amount of $67,405 was credited to future lease payments.

Form 51-102F1
Management's Discussion & Analysis (MD & A)

Forward-Looking Information

This MD&A contains "forward-looking information" that is based on management's expectations, estimates and projections as of the date of this MD&A. Forward looking information in this MD&A can frequently be identified as incorporating such words as "plans", "becomes", "expects", "estimates", "forecasts", "intends", "anticipates", "believes", "may", "could", "would", "might" or "will". This forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by the forward looking information in this MD&A. Actual results may vary materially from the forward looking information contained in this MD&A. The forward-looking information contained in this MD&A is based on the information available as of the date of this MD&A and we have no intention of updating them except as required by applicable securities law. Numerous events and circumstances could occur subsequent to the date of this MD&A that could cause the actual results, performance or achievements that may be expressed or implied by the forward-looking information. Forward-looking statements are included in sections 1.2, 1.6, and 1.9. Examples of such forward looking information included in this MD&A include, but are not limited to, trends in the marketplace favoring both Quizam's products; the demand for Corporate Computer training being fueled by the increased reliance on computers in the workplace; growing use of the internet helping to improve the awareness and consequent demand for the Quizam product; demand for Quizam's products increasing; the large global increase in the use of cell phones and internet, together with an increased appreciation for education and training giving the company excellent strategic positioning; all future global License sales will be in Canadian dollars; there can be no assurance that the company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable; the company will continue to improve its cash positions by focusing on increasing sales, improving profitability and equity financings; broadening of On-Track TV; increasing our On-Track TV sales team; significant parental/family demand for study tools; inventory increasing in value; anticipating receiving deferred purchases; management anticipates more Country Licenses coming on board and increased website visits in the coming quarters. In addition, Quizam Media has opened up a "Movie" division. We are producing our own feature length movies. Moreover, cannabis is an entirely new industry in Canada, and the legalization of cannabis will be a signature development in Canadian retail market. This is a huge opportunity for Quantum 1 on the potential for first-mover advantage in the market. Legalization is expected to attract more new consumers and increase frequency of purchase. There is a high possibility of becoming a complement or a substitute for liquor favors to recreational cannabis industry. On-Track TV is launching new videos about provincial regulations and safety concerns, and other issues related to cannabis.

All of the above forward looking statements are subject to significant risks and uncertainties. Certain material risk factors, that could cause actual results to differ materially from the forward-looking information contained in this MD&A include, but is not limited to, changes in the actions of competitors; fluctuations of exchange rates; the trading level of the company's stock; the continued availability of financing on appropriate terms for future projects; the continued increase of commercial run rates; a decline in market liquidity, and the volatility of global markets. Events and circumstances that occurred during the period ended May 31, 2020, which are reasonably likely to cause actual results to differ materially are the volatility of the global economy and increased competition which could prevent the company from improving its cash position, improving profitability, increasing Country Licenses or completing necessary financings; decreased usage of the internet, cell phones, and PDA's which could decrease demand for Academic Quizzing software and Quizam's products; the inability to hire appropriate staff and the results of product development activities could prevent further revisions to the software and the development of new products. Changes in the Entertainment industry could also affect results. Currently the movie business is going through major changes as the Internet and On-Demand usage increases. Changing in legislation, customer preferences and behaviors, competitors' actions and economic factors could affect the results from company predictions.

The current economy increases the uncertainty of forward looking statements and information included in the MD&A.

1.1 Date of Information

September 28, 2020

1.2 Overall Performance

We are pleased with development of On-Track TV as its library of current software topics has become very comprehensive. More recently, due to Covid-19, we have experience highly increased interest is learning on-line. In addition, we have many individual users that use On-Track TV for learning. In June 2018 we sold the USA and Malaysian rights of On - Track TV for USD$150,000 but this could blossom to over USD$330,000 based on activations. The agreement was amended to USD$125,000 for business licenses in Southeast Asia only, with the USA licenses being excluded from the contract. The business model is based on self-service through a website with residual subscriptions. People are going to the On-Track TV site and using the training.

We continue to enhance On-Track TV. Our two main areas of On-Track TV development include the LMS (learning management system) and content. Last year, we have invested much time and effort to ensure our content is of the highest quality. As software companies continue to release new versions, we continue to develop On-Track TV content for these new versions. On-Track TV continues to diversify its offering to include far more than just software training.

The Company competes in the global marketplace and the continued devalued Canadian Dollar is helping to make our product more competitive globally.

The demand for corporate computer training is being fueled by the increased reliance on computers in the workplace coupled with the continued releases of new products from software producers like Microsoft.

We continue to transition from face to face training to online virtual training. Our online division is growing faster than the face to face training division and the ontracktv.com website is growing much faster than the On-Track face to face training website. Especially during the COVID-19 period, On-Track is doing most of the trainings via virtual training.

Quizam has altered its "Exclusivity" agreement with Central Media in the UK. The agreement is now non-exclusive and permits Quizam to work with other partners in the UK for the sale and distribution of ontrackTV.com into the UK market under the name ontrackTV.co.uk. The ontrackTV.co.uk library of online learning videos is sold via annual subscriptions to those seeking to learn about common software packages, Human Resource (HR) training, and Management Leadership Training.

Our UK partner is continuing to forge new clients for us in the UK market. We have not generated sales during the prior one year in Europe, but we are currently working on some significant deals that are taking longer than expected. Management feels European sales will commence this year.

Until now On-Track TV has focused on information technology computer training, however, due to client demands and custom training requests we are now expanding the curriculum to include soft skill training for corporations. We have added new soft skill courses such as Conflict Resolution in the Workplace, Brain Storming and Increasing Workplace Assertiveness. We have also added 500 new on-line courses in trades including apprentice programs for plumbing, electrical, pipe fitting and carpentry.

In addition to the training services described above, our global strategy with On-Track TV has been to place our tags on partner's websites; however, revenue from this source has been minimal so far.

The Company has two teams familiar with both markets working in Canada and the United Kingdom. Increased demand for On-Track TV has resulted in reassigning some of the Quizam Software team and as a result, Quizam Software development and sales efforts have become secondary to On-Track TV. However, we are still working to develop a free shared online Quizam community. More recently we have developed some Quizzing tools for National Companies to test their employees. We see this market as having large and complimentary potential to On-Track TV.

We are also adding administrative components to On-Track TV which will broaden our corporate appeal. We are looking at broadening On-Track TV to include other broadcasts such as CEO messages, compliance issues, and other customized corporate communication requirements for clients. We plan to increase our On-Track TV corporate sales team and to sell the product to Fortune 500 companies.

Management feels that the growing use of the internet will help to improve the awareness and consequently demand for the Quizam product.

Management sees the demand for Quizam's products increasing. The global increased use of cell phones and internet, together with an increased appreciation for education and training will give the company excellent strategic positioning. We are currently developing products for handheld devices such as iPhones and Android phones.

The Company is continuing to add quizzes to its internet library. Many of the topics are classic and timeless. As this library continues to grow it becomes a valuable asset to the Company. The Company is exploring ways of accelerating the growth of this library either through corporate purchases of content or perhaps a "community" sharing model where quizzes can be added by global users. In either case management sees this inventory increasing in value as time goes on.

The Company has the equipment and experience in producing non-fiction learning vignettes. Management decided to expand its content to include some "Fiction" based filming such as Movies for Entertainment.

In April 2018 we partnered with AC3 to market On-Track TV in the Crypto Currency marketplace. Under the terms of the agreement all revenues derived from sales of On-Track TV subscriptions go to On-Track TV in AC3 cryptocurrency. Although AC3 has worked very hard to promote On-Track TV, there are no sales yet from this area.

In June 2018 we sold the exclusive USA and Malaysian rights to On-Track TV to Superior Online Training for USD$330,000. Under the terms of the agreement Superior is paying USD$150,000 plus per country activation fee of USD$20,000 for each Southeast Asian country including Singapore, Malaysia, Indonesia, Thailand, Philippines, Vietnam, Cambodia, Laos and Burma. The agreement was later amended to exclude USA licenses and change the initial license fee for Southeast Asia to USD$125,000. On-Track TV and Superior will share subscription revenue generated from sales of On-Track TV. Superior and On-Track TV have agreed to escalating yearly minimum targets to retain their exclusivity. Although these yearly minimum targets have not been met, the Company has allowed Superior to maintain their exclusivity.

The Company continues working on the new and supercharged on-line learning platform for On-Track TV. This new site has a slick interface that is easy to use on all devices, including desktops, tablets and mobile phones. The Company is also excited to be soon releasing new Microsoft and Adobe courses as well an entire channel devoted to cannabis education.

The Company, through its subsidiary, Quantum 1 Cannabis Corp., has leased several storefront premises in British Columbia, including North Vancouver, Keremeos, Vernon, Creston, and Grand Forks. To date Quantum has received Provincial Licenses for Grand Forks, Keremeos, Vernon, Creston, and North Vancouver. The Liquor and Cannabis Regulation Branch (LCRB) has completed its assessment of the eligibility and suitability requirements of the Cannabis Control and Licensing Act for Quantum 1. The LCRB has determined that Quantum 1 is fit and proper and can now move forward to open its operations. Currently, Quantum 1 has opened 4 retail stores in North Vancouver, Keremeos, Vernon, and Grand Forks. The store in Creston is renovating now and will be opening soon. Terrace's application is in process.

Keremeos is up and running since November 2019, Grand Forks is up and running since December 2019, Vernon is up and running since April 2020 and North Vancouver is up and running since August 2020. Quantum is scheduled to open the store in Creston soon. The Company commenced initial sales of cannabis products through the Keremeos location since November 2019.

The Company commenced initial sale of cannabis products during the fiscal quarter ended November 30, 2019. The Company recognized initial revenue of $7,709, and cost of goods sold of $5,377, resulting in net profit of $2,332 during the three months. The Company recognized its revenue of $76,677, and cost of goods sold of $50,124 during the nine months ended February 29, 2020. The Company recognized its revenue of $370,440, and cost of goods sold of $128,303 during the twelve months ended May 31, 2020.

As the rapidly evolving COVID-19 pandemic, the company's business operation, probability, liquidity, and risk factors have been affected. Most of the Company's training is doing online virtually. The company launched its online virtual training last year winter. This is a perfect movement to react against COVID-19 pandemic. The Company's trainers (facilitators) did not feel influenced by the pandemic as they were prepared and trained for virtual training during last year winter time; however, the trainees did not like the transforming at the beginning, which was induced the decline of revenue during COVID-19 pandemic period.. The Company's revenue from face to face training has been influenced since March 2020, and the collection of accounts receivable is slower than before. As the Company manages its credit risk by only working with reputable companies, the Company has reasonable assurance of collectability of the considerations. The unexpected situation may affect the operation, probability, liquidity, and risk factors in the future. The Company has applied and received Canada Emergency Wage Subsidy and CEBA loan which helped the short-term liquidity of the Company.

On the other side, the cannabis retail business is doing well. It has opened 4 stores in Keremeos, Grand Forks, Vernon, and North Vancouver since November 2019. The cash inflow generated from cannabis retail has increase the Company's liquidity. It also helped with the Company's overall revenue.

To ensure health and safety of employees and customers, all retail stores provide sanitizers and disposal gloves as required while keeping social distancing. The employees working in headquarter are able to keep social distancing, have more access to hand wash and sanitizer. The face to face trainees is able to maintain social distance and have more access to hand wash and sanitizer while training in classroom. The Company plans to continue to focus on growth and profitability. The main strategies in the process include:

a) Strict focus on increasing gross sales in each month compared to the same month in previous year;

b) Increase of pricing in all areas;

c) Huge expansion of course offerings beyond IT and computer training. Some of the new course offerings include customer service, conflict resolution, minute note-taking, and project management, cannabis education, cannabis safety; and medical applications of cannabis;

d) Special marketing team devoted to gaining Fortune 500 companies as clients for On-Track TV;

e) Continue to develop On-Track TV markets in the UK, North America, and Southeast Asia and sell more regional On-Track TV licenses;

f) Continue to develop components to On-Track TV where users are quizzed after viewing content;

g) Offering web development services under the name On-Track Web Development. This enables us to leverage our in house team and increase revenue;

h) Continue to enhance the LMS (learning management system) of the On-Track TV website;

i) Update and modernize all of our websites starting with On-Track.com and ontracktv.com;

j) Full scale animation and film productions in the areas of non-fiction and education;

k) Produce a full feature film in the coming 12 months;

l) Develop and offer courses in common accounting software such as Simply Accounting, QuickBooks and Caseware. This would be for both Face to Face and On-Track TV;

m) Expand on our Cannabis Strategy into retail sales in Key cities throughout British Columbia. We would like to have 8 Cannabis Retail Platforms up and running within the next 18 months;

n) Expand our retail Cannabis Strategy into other provinces, especially Ontario.

o) Take necessary actions to protect employees, customers and public health and safety pursuant to guidance from health officials and government.

1.3 Selected Annual Information

	Year Ended May 31, 2020 $	Year Ended May 31, 2019 $	Year Ended May 31, 2018 $
a) Total revenue	818,557	890,084	631,247
b) Net loss before other items	(1,789,825)	(2,390,924)	(1,128,609)
c) Net loss	(1,677,827)	(2,390,474)	(1,127,635)
c) Net loss (per share)*	(0.32)	(0.66)	(0.84)
d) Total assets	1,000,269	424,838	233,763
e) Long-term liabilities	616,307	9,519	13,751
f) Cash dividends	0	0	0

* Adjusted for 12 to 1 share consolidation

1.4 Discussion of Operations

Revenue for the twelve months ended May 31, 2020, decreased to $818,557 compared to $890,084 during the twelve months ended May 31, 2019. This decrease was mostly due to COVID-19 and less training operations. Operating expenses decreased from $3,281,008 during the twelve months ended May 31, 2019, to $2,608,382 during the twelve months ended May 31, 2020. The decrease of $672,626 was mainly as a result of a decrease in share-based compensation, software development costs, development & research, travel and business development expenses, On Track TV development costs, and investor and finance development expenses. Net loss decreased to $1,677,828 (2019 - $2,390,474) during the twelve months ended May 31, 2020. Net loss decreased by $712,646 as a result of the decrease in operating expenses and a recovery of accrued expenses of $111,817.

The significant changes were as follows:

- Depreciation increased to $282,238 for the twelve months ended May 31, 2020 (2019 – $32,899). The increase is a result of the adoption of IFRS 16, *Leases*, effective June 1, 2019. Under IFRS 16, the Company recorded an additional $246,295 of depreciation during the twelve months ended May 31, 2020 from the recognition of right-of-use assets.
- Bank charge and interest increased to $77,041 for the twelve months ended May 31, (2019 - $7,358). The increase is a result of the adoption of IFRS 16, *Leases*, effective June 1, 2019. Under IFRS 16, the Company recorded an additional $69,683 of interest during the twelve months ended May 31, 2020 from the recognition of right-of-use assets.
- Investor and finance development decreased to $103,099 for the twelve months ended May 31, (2019 - $196,996). The decrease is a result of focusing on opening non-medical cannabis retail stores, and travel restriction due to COVID-19.
- Management fees decreased to $114,000 for the twelve months ended May 31, (2019 - $144,000). Part of management fee is waived by management due to COVID-19.
- On-Track TV development costs decreased to $43,923 for the twelve months ended May 31, (2019 - $326,008). The decrease is a result of the decrease in the development of On-Track TV online learning content and website and focus attention on opening non-medical cannabis retail stores.
- Rent decreased to $56,723 for the twelve months ended May 31, (2019 - $308,851). The decrease is a result of the adoption of IFRS 16, *Leases*, effective June 1, 2019. Under IFRS 16, the Company recorded headquarter office and non-medical cannabis storefront as right-of-use assets.
- Research and development costs decreased to $203,354 for the twelve months ended May 31, 2020, (2019 - $565,190). The decrease is a result of emphasis on the development of the Cannabis business.
- Share-based compensation costs decreased to $nil for the twelve months ended May 31, 2020 (2019 - $294,726). The decrease is a result of not granting any stock options during the current period as compared to the granting of 1,930,000 stock options during the prior period.

- Subcontractors costs increased to $744,382 for the twelve months ended May 31, 2020 (2019 - $221,924). The increase is a result of increased costs incurred for the start-up and development of the non-medical Cannabis business.
- Travel and business development costs decreased to $129,579 for the twelve months ended May 31, 2020 (2019 - $462,683). The decrease is related to the reduced travel and business development related to the On-Track TV license sales in the US and COVID-19 pandemic shutdown.
- The Company recorded a recovery of accrued expenses of $111,817 during the twelve months ended May 31, 2020 (2019 - $nil). The recovery resulted from the extinguishment of debt accrued for prior lease payments upon the execution of new lease agreements for four storefront locations.

As the rapidly evolving COVID-19 pandemic shutdown from March to May 2020, The Company's revenue is influenced since late March 2020, and it is significantly influenced on face to face training in April and May 2020. The effects are mainly on face to face training. Most of the trainings are done on-line virtually now. As time passes, more customers accept and like to do training virtually. On the other side, the revenue from cannabis stores is increased during COVID-19 pandemic period which can offset the downside revenue of face to face training. Quantum 1 has opened 4 retail stores in BC and will open the 5th one located in Creston, BC soon.

The Company has applied and received Canada Emergency Wage Subsidy and CEBA loan which helped the short-term liquidity of the Company.

Revenue information by segment is as follows:

(a) Training Services and UK On-Track TV sales and expenses for the years ended May 31, 2020 and 2019, respectively:

	2020 $	2019 $
Revenue	448,117	615,380
Expenses	(992,540)	(1,121,054)
Profit (loss)	(544,423)	(505,674)

During the year ended May 31, 2020, the Company recognized training service revenue in the amount of $49,260 previously included in deferred revenue (2019 - $24,701).

(b) Software and Licensing sales and expenses for the years ended May 31, 2020 and 2019, respectively:

	2020 $	2019 $
Revenue	–	165,510
Expenses	(87,058)	(348,158)
Profit (loss)	(87,058)	(182,648)

(c) Quantum 1 Cannabis's retail sales and consulting services sales and expenses for the years ended May 31 29, 2020 and 2019, respectively:

	2020 $	2019 $
Retail sales	200,747	–
Retail inventory	(153,193)	–
Gross profit	47,554	–
Consulting revenue	169,693	108,210
Other expenses	(564,355)	(253,504)
Profit (loss)	(347,108)	(145,294

1.5 Summary of Quarterly Results

The effect of applying the treasury stock method to the Company's loss per share calculation is antidilutive. Therefore, basic and diluted losses per share are equal for the periods presented.

The quarterly periods in the table below are presented under International Financial Reporting Standards (IFRS) in Canadian dollars.

Description	May 31, 2020	February 29, 2020	November 30, 2019	August 31, 2019	May 31, 2019	February 28, 2019	November 30, 2018	August 31, 2018
Total Revenue	$199,636	$169,242	$137,736	$311,943	$330,005	$115,029	$161,003	$284,047
Income or (loss) before other items	$(580,682)	$(366,036)	$(409,534)	$(433,573)	$(608,507)	$(715,417)	$(889,959)	$(177,043)
Net Income or (loss) for the period	$(468,684)	$(366,036)	$(297,717)	$(433,573)	$(608,507)	$(715,237)	$(889,779)	$(176,952)
Net income (Loss) before other items per share basic and diluted	$(0.10)	$(0.07)	$(0.06)	$(0.09)	$(0.05)	$(0.17)	$(0.27)	$(0.17)
Income (Loss) per share basic and diluted	$(0.10)	$(0.07)	$(0.06)	$(0.09)	$(0.05)	$(0.17)	$(0.27)	$(0.17)

Revenue increased during the three months ended May 31, 2018. Net loss decreased during the fourth quarter ended May 31, 2018, as a result of an increase in revenue, and a decrease in share-based compensation.

Revenue increased during the three months ended August 31, 2018 as a result of new licensing fee revenue generated in the amount of $165,510 (US$125,000). Net loss decreased during the first quarter ended August 31, 2018, as a result of an increase in revenue, and a decrease in office and miscellaneous.

Revenue decreased during the three months ended November 30, 2018. Net loss increased during the second quarter ended November 30, 2018, as a result of an increase in accounting and legal costs, rent, research and development, share-based compensation, and travel and business development.

Revenue decreased during the three months ended February 28, 2019. Net loss decreased during the third quarter ended February 28, 2019, as a result of a decrease in share-based compensation costs, and a decrease in office and miscellaneous.

Revenue increased during the three months ended May 31, 2019 as a result of consulting fee revenue generated in the amount of $108,210 (US$80,250). Net loss decreased during the fourth quarter ended May 31, 2019, as a result of an increase in revenue and a decrease in On-Track TV development costs and travel and business development costs.

Revenue decreased during the three months ended August 31, 2019 as a result of a decrease in training services of $79,545 offset by an increase in consulting fee revenue of $61,483. Net loss decreased during the first quarter ended August 31, 2019, as a result of a decrease in rent, research and development costs, and investor and finance development costs.

Revenue decreased during the three months ended November 30, 2019 mainly as a result of a decrease in consulting fee revenue of $161,984. Net loss for the period decreased during the second quarter ended November 30, 2019, as a result of a recovery of accrued expenses of $111,817.

Revenue increased during the three months ended February 29, 2020 mainly as a result of an increase in cannabis retail from stores revenue of $68,968. Net loss for the period increased during the third quarter ended February 29, 2020, as a result of an increase in cost of goods sold of cannabis retail and increased expenses for retail store opening.

Revenue increased during the three months ended May 31, 2020 mainly as a result of an increase in cannabis retail from stores revenue of $131,779. Net loss for the period increased during the fourth quarter ended May 31, 2020, as a result of an increase in cost of goods sold of cannabis retail and increased expenses for retail store opening.

1.6 Liquidity

The Company's liquidity is as follows:

	May 31, 2020	May 31, 2019
Cash and cash equivalents	$6,435	$252,278
Accounts receivable	$30,287	$17,236
Accounts payable and accrued liabilities	$641,935	$275,915
Due to related parties	263,538	$238,246
Lease liabilities – current portion	$266,842	$ –
Working capital (deficiency)	$(1,102,531)	$(244,749)

As at May 31, 2020, the Company had cash and cash equivalents of $6,435 and a working capital deficiency of $1,102,531 compared to cash and cash equivalents of $252,278 and a working capital deficiency of $244,749 as at May 31, 2019.

During the twelve months ended May 31, 2020, the Company used $997,196 of cash for operating activities compared to $1,893,549 in the comparative period. The Company has financed its operations for the last two years mainly through the issuance of share capital. The Company has raised $984,629 (2019 - $2,082,955) through subscription of share capital during the twelve months ended May 31, 2020. The Company has incurred losses as it continues to develop its software products and start-up in the Cannabis industry. The Company continues to be dependent on its cash reserves and future financings.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay or scale back its software development and marketing. Any equity offerings will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Currently the Company has insufficient funds to meet its requirements for the coming year. It will continue to improve its cash positions by focusing on increasing sales, improving profitability and equity financings.

As the rapidly evolving COVID-19 pandemic shutdown, the revenue from face to face training has been influenced since March 2020, and the collection of accounts receivable is slower than before. On the other side, cannabis business is doing well now. It provides certain liquidity to the Company. This unexpected situation may affect the liquidity in the future. The Company has applied and received Canada Emergency Wage Subsidy and CEBA loan which helped the liquidity of the Company for now.

1.7 Capital Resources

The Company's capital currently consists of common shares, options and warrants. The Company's principal source of funds is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to meet the Company's educational software development, internet training development and film production to ensure the growth of activities.

The Company has completed a twelve to one share consolidation on June 01, 2020. Directors have determined to consolidate the Company's current common shares on a twelve into one new post-consolidated share (the "Consolidation"). The Company currently has 71,372,124 shares issued; post consolidation the Company has 5,947,677 shares and 27 shares due to rounding. The exercise or conversion price and the number of Common Shares issuable under any of the Company's outstanding warrants, convertible debentures, stock options and securities convertible in Common Shares will be proportionately adjusted to reflect the Consolidation in accordance with the respective terms thereof. The Company's name will remain unchanged.

During the year ended May 31, 2017, the Company signed a rental agreement effective until August 31, 2022 for the lease of its head office in Vancouver. During the year ended May 31, 2020, the Company signed five rental agreements effective September 2019 onwards. The Company's current value of the future lease payments as at May 31, 2020 was $1,061,175 (See Note 17).

1.8 Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

1.9 Transactions Between Related Parties

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

	May 31, 2020	May 31, 2019
Management fees	$ 114,000	$ 144,000
Share-based compensation	–	145,072
	$ 114,000	$ 289,072

For the twelve months ended May 31, 2020 and 2019, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

At May 31, 2020, $263,538 (May 31, 2019 – $238,246) was owed to a significant shareholder and companies owned by a significant shareholder, who is also a director and officer, and to a company owned by his relative.

Accounting and legal, investor and finance development, office and miscellaneous, On-Track TV development, research and development, software development, subcontractors, travel and business development, and wages and benefit expenses are provided by related parties and significant shareholders of the Company.

During the twelve months ended May 31, 2020, $740,911 (2019 - $1,564,593) of these expenses were included in expenses to companies owned by a significant shareholder, who is also a director and officer, and immediate family of the significant shareholder (see Note 10 of the consolidated financial statements).

1.10 Forth Quarter Information

During the last quarter of fiscal 2020, the Company’s training service revenue has decreased significantly as compared to the last quarter of the year ended May 31, 2019 as a result of the lockdowns due to COVID-19 pandemic. The Company was unable to conduct significant volumes of in-person training sessions in Q4 2020.

Decrease in training service revenue was partially offset by retail cannabis sales of $124,070 generated during the last quarter of 2020 (2019 - $Nil). The Company conducted sales through its three retail cannabis locations during the three months ended May 31, 2020, which were not in place during the same period of fiscal 2019.

Total revenue generated in the three months period ended May 31, 2020 was $199,636 as compared to $330,005 generated during the three months ended May 31, 2019.

Due to the Province-wide COVID-19 lockdown that took place in the last quarter of 2020, the Company's expenses also decreased from $608,507 in the last quarter of 2019 to $530,902 in the same period of fiscal 2020. This was a result of lockdowns imposed on travel, reduction in management fees as management decided to forego some of the fees, research and development fees, as well as a decrease in salaries and wages. These decreases in expenses have been offset by an increase in non-cash depreciation and interest expenses due to transition to IFRS 16 Leases (see Notes 2 and 17 to the consolidated financial statements).

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Significant areas requiring the use of management estimates relate to estimation of an allowance for doubtful accounts, the measurement of share-based compensation, expected lives of long-lived assets, and the recognition of deferred income tax assets. Actual results could differ from those estimates. Significant judgements are applied by management to determine whether sales have met the Company's revenue recognition criteria, and to assess the probability of realizing deferring income tax assets based on the likelihood of generating taxable income in the future. Different judgement could yield different results.

1.13 Changes in Accounting Policies including Initial Adoption

Adoption of New Accounting Changes:

IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB published a new standard, IFRS 16, Leases, replacing IAS 17, Leases and related interpretations. The new standard eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. Effective June 1, 2019, the Company adopted this standard using the modified retrospective approach under which the cumulative effect of initial application was recognized in retained earnings at June 1, 2019. Prior periods have not been restated for the impact of IFRS 16. Comparative information is still reported under IAS 17 and IFRIC 4, Determining Whether an Arrangement Contains a Lease. The impact of this change in accounting policy is noted below.

For contracts entered into before June 1, 2019, the Company determined whether the arrangement contained a lease under IAS 17. Prior to the adoption of IFRS 16, these leases were classified as operating or finance leases based on an assessment of whether the lease transferred significantly all the risks and rewards of ownership of the underlying asset. The Company leases office space.

On transition, the Company elected to apply the practical expedient to the determination of which contract is or contains a lease and applied IFRS 16 to those contracts that were previously identified as leases. Upon transition to the new standard, right□of□use assets and lease liabilities were measured at the present value of the remaining lease payments discounted by the Company's incremental borrowing rate as at June 1, 2019. The non-cash adjustment has been excluded from the Statement of Cash Flows. The weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 7%.

For contracts entered into subsequent to June 1, 2019 at inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets is tested for impairment in accordance with IAS 36, Impairment of Assets. This replaced the previous requirement to recognize a provision for onerous lease contacts.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of comprehensive loss.

Future Accounting Changes:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for the Company's accounting periods beginning after June 1, 2020, or later periods. The Company believes that these new standards are not applicable or are not consequential to the Company and won't have a material effect on its consolidated financial statements.

1.14 Financial Instruments and Other Instruments

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and, where allowed and appropriate, re-evaluates this designation at every reporting date. All financial instruments are recognized when the Company becomes a party to contractual provisions of these instruments. Financial instruments initially recorded at fair value. Financial assets classified into one of three categories: amortized cost, fair value through other comprehensive income (“FVTOCI) or fair value through profit or loss (“FVTPL”). Financial liabilities are subsequently measured at amortized cost using effective interest method, except for financial liabilities at FVTPL, financial guarantee contracts, loan commitments as below-market interest rate, and liabilities related to contingent consideration of an acquirer in a business combination.

Financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable and due to related parties. At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

Amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest method. Accounts receivable are measured at amortized cost.

Fair value through other comprehensive income

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and sell financial assets, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings. The Company currently has no financial assets designated as FVTOCI.

Fair value through profit or loss

By default, all other financial assets are measured subsequently at FVTPL. The Company's cash and cash equivalents are measured at FVTPL.

b) Financial liabilities

Financial liabilities at amortized cost include accounts payable and accounts payable to related parties. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of operations and comprehensive income (loss).

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	May 31, 2020	May 31, 2019
	$	$
FVTPL (i)	6,435	252,278
Financial assets at amortized cost (ii)	30,287	17,236
Financial liabilities at amortized cost (iii)	(1,975,473)	(514,161)

(i) Cash and cash equivalents
(ii) Accounts receivable
(iii) Accounts payable and amounts due to related parties

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market date.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	Level	May 31, 2020	May 31, 2019
Cash and cash equivalents	1	$6,435	$252,278

The risk management function within the Company is carried out in respect of financial risks, operational risks, and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable. Credit risk from accounts receivable encompasses the default risk of its customers. As a result of evolving COVID-19 pandemic, the collection period of accounts receivable becomes longer, which increase the credit risk. Since the Company mange its credit risk by only working with reputable companies, the Company has reasonable assurance of collectability of the considerations. The Company continuously manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations of its customers' financial conditions and requires letters of credit or other guarantees whenever deemed appropriate. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The following table provides information regarding the aging of financial assets that are past due but which are not impaired as at May 31, 2020:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable	$ 30,287	–	–	–	$30,287

Liquidity Risk

The Company manages its ability to meet its short-term obligations through the capital management described in Note 11 to the consolidated financial statements. The Company has a working capital deficit and requires additional financing to fund operations. Because of the evolving COVID-19 pandemic, the risk of liquidity has increased. The revenue from face to face training has been influenced since March 2020, and the collection of accounts receivable is slower. The Company still can manage its ability to meet its short-term obligations. The Company has applied and received Canada Emergency Wage Subsidy and CEBA loan which helped the short-term liquidity of the Company.

Foreign Exchange Risk

As the Company generates a portion of its revenues in the U.S., the Company's foreign exchange risk arises with respect to the U.S. dollar. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 20% of the Company's revenues are denominated in U.S. dollars (2019 – 36%) while a significant amount of the Company's expenses is denominated in Canadian dollars. Fluctuation of foreign exchange rate between U.S. dollar and Canadian dollar is not considered to have a material impact on the Company's financial statements.

Interest Rate Risk

In management's opinion the Company is not exposed to significant interest rate risk.

1.15 Additional Information

Additional information about the Company is available on SEDAR (Website: www.sedar.com)

1.16 Outstanding Share Data

The following table summarizes the issued and outstanding share capital as of the date of the MD&A:

	Number of shares issued or issuable as at May 31, 2020 (pre-consolidation)	Number of shares issued or issuable as at September 28, 2020 (post-consolidation)
Common shares	71,372,124	13,797,704
Stock options	1,880,000	1,509,958
Warrants	52,323,080	7,610,257

The Company has completed the process of share consolidation on June 01, 2020. Directors have determined to consolidate the Company's current common shares on a twelve into one new post-consolidated share (the "Consolidation"). The Company has 71,372,124 shares issued before share consolidation; the Company has 5,947,677 common shares plus 27 common shares due to rounding post consolidation. The exercise or conversion price and the number of Common Shares issuable under any of the Company's outstanding warrants, convertible debentures, stock options and securities convertible in Common Shares will be proportionately adjusted to reflect the Consolidation in accordance with the respective terms thereof. The Company's name will remain unchanged.

On July 17, 2020, the Company issued 4,475,000 post-consolidation units at a price of $0.20 per unit for proceeds of $895,000. Each unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable for eighteen months at a price of $0.30 per share.

On July 29, 2020, the Company issued 1,275,000 post-consolidation units at a price of $0.20 per unit for proceeds of $255,000. Each unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable for eighteen months at a price of $0.30 per share. The Company also agreed to issue 375,000 agents' warrants exercisable at $0.30 per share until January 30, 2022.

On August 05, 2020, the Company issued 2,100,000 post-consolidation units at a price of $0.20 per unit for settlement of debt $420,000.

On August 19, 2020, the Company cancelled 152,500 incentive stock options. The options were granted in February and November 2018 to directors, consultants, and employees.

On August 19, 2020, the Company granted incentive stock options to purchase a total 1,366,000 post-consolidation common shares to its directors, employees, and consultants. The option exercise price is $0.40 per share and have an eighteen-month term which expires February 19, 2022.