

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 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 November 30, 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

January 29, 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 in 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, Brainstorming 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 Keremeos, Grand Forks, Vernon, North Vancouver, and

Creston. 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 5 retail stores in Keremeos, Grand Forks, Vernon, North Vancouver, and Creston .

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, North Vancouver is up and running since August 2020 and Creston is up and running since November 2020. 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 2nd 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.

In fiscal year 2021, the Company recognized its revenue of \$296,967 and retail inventory expense of \$186,300 during the three months ended August 31, 2020, revenue of \$1,178,334 and retail inventory expense of \$732,425 during the six months ended November 30, 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 in 2019 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 2019 wintertime; however, the trainees did not like the transforming at the beginning, which was induced the decline of revenue during COVID-19 pandemic period. As trainees are used to virtual training, the training revenue is slowly recovering. 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 (CEWS), Canada Emergency Business Account (CEBA) loan, and Canada Emergency Commercial Rent Assistance (CECRA) rent assistant program which helped the short-term liquidity of the Company. In addition, the Company has applied Canada Emergency Rent Subsidy (CERS) to help with the short-term liquidity.

On the other side, the cannabis retail business is doing well. It has opened 5 stores in Keremeos, Grand Forks, Vernon, North Vancouver, and Creston 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 Discussion of Operations

Revenue for the six months ended November 30, 2020, increased to \$1,305,785 compared to \$449,679 during the six months ended November 30, 2019. This increase was mostly due to non-medical cannabis retail business.

Operating expenses increased from \$1,292,786 during the six months ended November 30, 2019, to \$2,116,465 during the six months ended November 30, 2020. The increased expense of \$823,679 was mainly as a result of an increase in retail inventory (cost of goods sold), accounting and legal, automobile, office and miscellaneous, share-based compensation, and wages and benefits.

Net loss increased to \$810,680 (2019 - \$731,290) during the six months ended November 30, 2020. Net loss increased by \$79,390 mainly as a result of the decrease in gain on termination of lease during in fiscal year ended May 31, 2020.

The significant changes were as follows:

- Retail inventory costs increased to \$732,425 for six months ended November 30, 2020 (2019 - \$5,377). The Retail inventory costs incurred is a result of selling non-medical cannabis.
- Accounting and legal increased to \$144,157 for the six months ended November 30, 2020 (2019 - \$82,655). The increase is a result of one more active company in the operation and storefront lease agreements review and negotiation.
- Automobile increased to 18,442 for the six months ended November 30, 2020 (2019 - \$3,083). The increase is a result of increased travel among stores and head office.
- Office and miscellaneous increased to 176,361 for the six months ended November 30, 2020 (2019 - \$87,481). The increase is a result of one more active company and 5 retail chain stores in the operation and increased supplies for COVID-19.
- Share-based compensation costs increased to \$196,892 for six months ended November 30, 2020 (2019 - \$Nil). The increase is a result of granting stock options of 1,366,000 units during the current period as compared to the no granting of stock options during the prior period.
- Wages and benefits increased to \$206,264 for six months ended November 30, 2020 (2019 - \$156,112). The increase is a result of hired more employees for 5 retail stores.
- Depreciation decreased to \$100,329 for the six months ended November 30, 2020 (2019 – \$183,407). The decrease is a result of the adoption of practical expedient of IFRS 16 Leases, effective June 1, 2020 for rent concessions received. For the six months ended November 30, 2020, the Company

recorded \$77,299 of rent concessions (in the form of rent reduction from landlord and CECRA) as a reduction to interest (\$7,299) and depreciation (\$70,000) expenses.

- Bank charge and interest decreased to \$29,565 for the six months ended November 30, 2020 (2019 - \$53,342). The decrease is a result of the adoption of practical expedient of IFRS 16 Leases, effective June 1, 2020 for rent concessions received. For the six months ended November 30, 2020, the Company recorded \$77,299 of rent concessions (in the form of rent reduction from landlord and CECRA) as a reduction to interest (\$7,299) and depreciation (\$70,000) expenses.
- Investor and finance development decreased to \$34,473 for the six months ended November 30, 2020 (2019 - \$52,066). The decrease is a result of focusing on opening non-medical cannabis retail stores, and travel restriction due to COVID-19.
- On-Track TV development costs decreased to \$18,250 for the six months ended November 30, 2020 (2019 - \$31,900). 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 and operating cannabis retail stores.
- Research and development decreased to \$59,675 for the six months ended November 30, 2020 (2019 - \$99,000). The decrease is a result of focusing on opening and operating non-medical cannabis retail stores.

As the rapidly evolving COVID-19 pandemic shutdown from March to November 2020, The Company's revenue is influenced since late March 2020, and it is significantly influenced on face-to-face training since April 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 5 retail stores in BC and will open the more stores in the future.

The Company has applied and received Canada Emergency Wage Subsidy (CEWS), Canada Emergency Business Account (CEBA) loan, and Canada Emergency Commercial Rent Assistance (CECRA) rent assistant program which helped the short-term liquidity of the Company. In addition, the Company has applied Canada Emergency Rent Subsidy (CERS) to help with the short-term liquidity.

Revenue information by segment is as follows:

- (a) Training Services and UK On-Track TV sales and expenses for the six months ended November 30, 2020 and 2019, respectively:

	2020	2019
	\$	\$
Revenue	127,451	221,543
Expenses	(261,828)	(505,758)
Profit (loss)	(134,377)	(284,215)

- (b) Software and Licensing sales and expenses for the six months ended November 30, 2020 and 2019, respectively:

	2020 \$	2019 \$
Revenue	–	50,734
Expenses	(27,800)	(52,200)
Profit (loss)	(27,800)	(1,466)

- (c) Quantum 1 Cannabis's retail sales and consulting services sales and expenses for the six months ended November 30, 2020 respectively:

	2020 \$	2019 \$
Retail sales	1,178,334	7,709
Retail inventory	(732,425)	(5,377)
Gross profit	445,909	2,332
Consulting revenue	–	169,693
Other expenses	(559,776)	(356,943)
Profit (loss)	(113,867)	(184,918)

1.4 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	November 30, 2020	August 31, 2020	May 31, 2020	February 29, 2020	November 30, 2019	August 31, 2019	May 31, 2019	February 28, 2019
Total Revenue	\$953,926	\$351,859	\$199,636	\$169,242	\$137,736	\$311,943	\$330,005	\$115,029
Income or (loss) before other items	\$(210,229)	\$(952,311)	\$(580,682)	\$(366,036)	\$(409,534)	\$(433,573)	\$(608,507)	\$(715,417)
Net Income or (loss) for the period	\$(210,229)	\$(600,452)	\$(468,684)	\$(366,036)	\$(297,717)	\$(433,573)	\$(608,507)	\$(715,237)
Net income (Loss) before other items per share basic and diluted	\$(0.02)	\$(0.06)	\$(0.10)	\$(0.07)	\$(0.06)	\$(0.09)	\$(0.05)	\$(0.17)
Income (Loss) per share basic and diluted	\$(0.02)	\$(0.06)	\$(0.10)	\$(0.07)	\$(0.06)	\$(0.09)	\$(0.05)	\$(0.17)

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.

Revenue increased during the three months ended August 31, 2020 mainly as a result of an increase in cannabis retail from stores revenue of \$296,967. Net loss for the period increased during the three months ended August 31, 2020, as a result of an increase in share-based compensation, cost of goods sold of cannabis retail, increased expenses for retail store opening.

Revenue increased during the three months ended November 30, 2020 mainly as a result of an increase in cannabis retail from stores revenue of \$881,367. Net loss for the period decreased during the three months ended November 30, 2020, as a result of an increase in retail inventory (cost of goods sold), accounting and legal, automobile, office and miscellaneous, share-based compensation, and wages and benefits.

1.5 Liquidity

The Company's liquidity is as follows:

	November 30, 2020	May 31, 2020
Cash and cash equivalents	\$260,598	\$6,435
Accounts receivable	\$14,294	\$30,287
Accounts payable and accrued liabilities	\$242,233	\$641,935
Due to related parties	\$96,969	263,538
Lease liabilities – current portion	\$314,263	\$266,842
Working capital (deficiency)	\$(223,385)	\$(1,102,531)

As at November 30, 2020, the Company had cash and cash equivalents of \$260,598 and a working capital deficiency of \$223,385 compared to cash and cash equivalents of \$6,435 and a working capital deficiency of \$1,102,531 as at May 31, 2020. The Company's decrease in working capital deficiency is attributable to the increase in cash and cash equivalents and decrease in accounts payable and accrued liabilities and due to related parties.

During the six months ended November 30, 2020, the Company used \$1,155,863 of cash for operating activities compared to \$681,051 in the comparative period. The Company incurred \$50,129 (2019 - \$26,814) in acquisition of equipment during the period ended November 30, 2020. The Company has financed its operations for the last two years mainly through the issuance of share capital. The Company has raised \$1,571,636 (2019 - \$497,909) through subscription of share capital during the six months ended November 30, 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 from March to November, 2020, The Company's revenue is influenced since late March 2020, and it is significantly influenced on face to face training since April 2020. Most of the trainings are done on-line virtually now. The collection of accounts receivable is slower than before. On the other side, the revenue from cannabis stores is continually increasing

since the first store was opened. It provides certain liquidity to the Company. Quantum 1 has opened 5 retail stores in BC and will open the more stores in the future. The unexpected situation may affect the liquidity in the future.

The Company has applied and received Canada Emergency Wage Subsidy (CEWS), Canada Emergency Business Account (CEBA) loan, and Canada Emergency Commercial Rent Assistance (CECRA) rent assistance program which helped the short-term liquidity of the Company. In addition, the Company has applied Canada Emergency Rent Subsidy (CERS) to help with the short-term liquidity.

1.6 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. During the six months ended November 30, the Company signed one rental agreement effective from June 2021 to May 2026. The Company's current value of the future lease payments as at November 30, 2020 was \$910,116 (See Note 17).

1.7 Off-Balance Sheet Arrangements

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

1.8 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:

	November 30, 2020	November 30, 2019
Management fees	\$ 60,000	\$ 72,000
Share-based compensation	86,483	–
	<u>\$ 146,483</u>	<u>\$ 289,072</u>

For the six months ended November 30, 2020 and 2019, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

At November 30, 2020, \$96,969 (May 31, 2020 – \$263,538) 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 six months ended November 30, 2020, \$397,119 (2019 - \$351,747) 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).

1.9 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.

1.10 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 contracts.

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.

COVID-19-Related Rent Concessions (Amendment to IFRS 16)

On May 28, 2020, the IASB issued COVID-19-Related Rent Concessions (Amendments to IFRS 16). The amendments permit lessees, as a practical expedient, to not assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The Company has adopted the amendment to IFRS 16 in its financial statements for all rent concessions beginning on June 01, 2020. For the six months ended November 30, 2020, the Company recorded \$77,299 of rent concessions (in the form of rent reduction from landlord and CECRA) as a reduction to interest (\$7,299) and depreciation (\$70,000) expenses.

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.

1.11 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 at 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:

	November 30, 2020	May 31, 2020
	\$	\$
FVTPL (i)	260,598	6,435
Financial assets at amortized cost (ii)	14,294	30,287
Financial liabilities at amortized cost (iii)	(379,203)	(975,473)

- (i) Cash and cash equivalents
- (ii) Accounts receivable
- (iii) Accounts payable, loan 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 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	November 30, 2020	May 31, 2020
Cash and cash equivalents	1	\$260,598	\$6,435

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. As a result of evolving COVID-19 pandemic, the collection period of accounts receivable becomes longer, which increase the credit risk. Since the Company manage 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 November 30, 2020:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable	\$ 14,294	-	-	-	14,294

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 (CEWS), Canada Emergency Business Account (CEBA) loan, and Canada Emergency Commercial Rent Assistance (CECRA) rent assistant program which helped the short-term liquidity of the Company. In addition, the Company has applied Canada Emergency Rent Subsidy (CERS) to help with the short-term liquidity.

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 Nil% of the Company's revenues are denominated in U.S. dollars (2019 – 38%) 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.

1.12 Additional Information

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

1.13 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 November 30, 2020	Number of shares issued or issuable as at January 29, 2020
Common shares	13,797,704	15,597,704
Stock options	1,370,167	1,370,167
Warrants	7,610,257	8,460,257

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.

On December 02, 2020, the Company issued 1,700,000 units at a price of \$0.24 per unit for proceeds of \$408,000. Each unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable for eighteen months at a price of \$0.40 per share. The Company's CEO subscribed for 208,000 units.

On January 18, 2021, the Company issued 100,000 shares upon the exercise of warrants at \$0.30 per share for gross proceeds of \$30,000.

QUIZAM MEDIA CORPORATION