QUIZAM MEDIA CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

NOVEMBER 30, 2020 AND 2019

(Unaudited)

The accompanying unaudited interim financial statements have been prepared by Management of Quizam Media Corporation and have not been reviewed by the Company's auditors

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	As at November 30, 2020 $	As at May 31, 2020 $
ASSETS		
Current		
Cash and cash equivalents	260,598	6,435
Accounts receivable	14,294	30,287
Sales taxes recoverable	7,539	21,928
Prepaid expenses and deposits	41,942	35,423
Inventory (Note 3)	123,961	19,139
Total current assets	448,334	113,212
Property and equipment (Note 4)	985,304	887,057
Total assets	1,433,638	1,000,269
LIABILITIES		
Current		
Accounts payable and accrued liabilities	242,233	641,935
Deferred revenue	18,253	13,428
Due to related parties (Note 10)	96,969	263,538
Lease liabilities – Current (Note 17)	314,263	266,842
Loan payable – Current (Note 16)	–	30,000
Total current liabilities	671,719	1,215,743
Lease liabilities – Long-term (Note 17)	595,853	576,307
Loan payable – Long-term (Note 16)	40,000	40,000
Total liabilities	1,307,572	1,832,050
DEFICIENCY		
Share capital (Note 5)	22,507,802	21,083,180
Contributed surplus	3,094,882	2,750,976
Deficit	(25,476,618)	(24,665,937)
Total surplus/(deficiency)	126,066	(831,781)
Total liabilities and deficiency	1,433,638	1,000,269

Nature and continuance of operations (Note 1)

APPROVED ON BEHALF OF THE BOARD ON JANUARY 29, 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)

(Unaudited – Prepared by Management)

	Three Months Ending November 30 2020	Three Months Ending November 30 2019	Six Months Ending Novemb er 30 2020	Six Months Ending Novemb er 30 2019
	$	$	$	$
REVENUES				
Training services and software sales	72,559	130,027	127,451	272,277
Consulting fees	–	–	–	169,693
Retail sales	881,367	7,709	1,178,334	7,709
	953,926	137,736	1,305,785	449,679
EXPENSES				
Accounting and legal (Note 10)	92,231	59,710	144,157	82,655
Automobile	8,742	6,572	18,442	15,359
Bank charges and finance fees	10,816	25,214	29,565	53,342
Depreciation	26,016	86,570	100,329	183,407
Investor and finance development (Note 10)	16,595	26,599	34,473	52,066
Management fees (Note 10)	36,000	36,000	60,000	72,000
Office and miscellaneous (Note 10)	133,271	55,305	176,351	87,481
On-Track TV development costs (Note 9 and 10)	850	9,976	18,250	31,900
Regulatory fees	6,151	10,970	14,067	13,624
Rent	–	28,587	11,049	51,962
Research and development (Note 10)	20,525	8,900	59,675	99,000
Retail inventory (Note 3)	546,125	5,377	732,425	5,377
Software development costs (Note 10)	7,200	–	12,250	11,500
Share-based compensation (Note 10)	–	–	196,892	–
Subcontractors (Note 10)	83,820	57,189	198,116	258,557
Telephone and internet	5,322	8,149	11,342	16,040
Travel and business development (Note 10)	66,446	42,927	92,819	102,404
Wages and benefits (Note 10)	145,096	79,225	206,264	156,112
	1,164,155	547,270	2,116,465	1,292,786
LOSS BEFORE OTHER ITEMS	(210,229)	(409,534)	(810,680)	(843,107)
OTHER ITEMS				
Interest income	–	–	–	–
Recovery of accrued expenses (Note 13)	–	111,817	–	111,817
NET LOSS AND COMPREHENSIVE LOSS	(210,229)	(297,717)	(810,680)	(731,290)
LOSS PER SHARE BASIC AND DILUTED	(0.02)	(0.06)	(0.07)	(0.15)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	13,797,704	4,954,333	11,522,841	4,758,250

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

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Six Months Ending November 30, 2020 $	Six Months Ending November 30, 2019 $
OPERATING ACTIVITIES		
Net loss	(810,680)	(731,290)
Add back non-cash items:		
Depreciation	100,329	183,407
Share-based compensation	196,892	–
Recovery of accrued expenses	–	(111,817)
	(513,459)	(659,700)
Changes in non-cash working capital items:		
Accounts receivable	15,993	(23,859)
Prepaid expenses and deposits	(6,519)	(1,761)
Sales taxes recoverable	14,389	39,193
Inventory	(104,822)	(13,.856)
Accounts payable and accrued liabilities	(399,702)	56,354
Due to related parties	(166,569)	(48,760)
Deferred revenue	4,825	(28,662)
CASH USED IN OPERATING ACTIVITIES	(1,155,863)	(681,051)
FINANCING ACTIVITIES		
Repayment of principal portion of lease liability	(153,620)	(41,349)
Non-cash payment of principal portion of lease liability	72,139	
Issuance of common shares, net	1,570,000	497,909
Share subscriptions received	1,636	–
CASH PROVIDED BY FINANCING ACTIVITIES	1,490,155	456,560
INVESTING ACTIVITIES		
Acquisition of property and equipment	(50,129)	(26,814)
Loans repayments	(30,000)	–
CASH USED IN INVESTING ACTIVITIES	(80,129)	(26,814)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	254,163	(251,305)
CASH AND CASH EQUIVALENTS – BEGINNING	6,435	252,278
CASH AND CASH EQUIVALENTS – ENDING	260,598	973
SUPPLEMENTAL INFORMATION		
Interest paid	–	–
Income tax paid	–	–

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Number of Common Shares	Amount $	Contributed Surplus $	Share Subscriptions (Receivable) Received $	Deficit $	Total $
Balance previously reported, May 31, 2019	**4,564,344**	**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	1,383,360	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	**5,947,704**	**21,083,180**	**2,750,976**	**–**	**(24,665,937)**	**(831,781)**
As at May 31, 2020	**5,947,704**	**21,083,180**	**2,750,976**	**–**	**(24,665,937)**	**(831,781)**
Units issued for cash	7,850,000	1,570,000	–	1,636	–	1,571,636
Share issuance costs	–	(147,014)	147,014	–	–	–
Share-based compensation			196,892			196,892
Net loss for the period	–	–	–	–	(810,680)	(810,680)
As at November 30, 2020	**13,797,704**	**22,506,166**	**3,094,882**	**1,636**	**(25,476,617)**	**126,067**

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

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 interim 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 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 interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting.*

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

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

b) 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

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

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

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	(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	599,986	1,024,700	1,624,596
Deficit	(23,024,585)	36,475	(22,988,110)

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.

3. INVENTORY

a) Inventory is comprised of the following:

	November 30, 2020 $	November 30, 2019 $
Finished goods	123,961	13,856
Less: inventory write-down	–	–
Total inventory (lower of cost and NRV)	123,961	13,856

Inventory expensed in the retail inventory expense for six months ended November 30, 2020 amounted to $732,425 (2019 – 5,377). The reserve for reserve for impaired inventory is based on management estimates, past experience, condition of the inventory and regulatory changes. During the six months ended November 30, 2020, the Company wrote-down inventory in the amount of $Nil (2019 - $Nil) in relation to slow-moving accessories inventory.

(Expressed in Canadian dollars)

3. INVENTORY (continued)

b) Retail Inventory Expense

Retail inventory expense is comprised of the purchase of finished goods sold during the period in the amount of $721,934, directly attributable shipping costs in the amount of $10,491.

4. PROPERTY AND EQUIPMENT

Cost	**Computer Hardware**	**Furniture and Fixtures**	**Leasehold Improvements**	**Library**	**Right-of-use Assets**	**Total**
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
IFRS 16					218,444	218,444
Additions	1,467	26,870	21,792	–	–	50,129
As at November 30, 2020	$ 423,128	$ 127,827	$ 122,909	$ 6,751	$ $1,051,269	$1,975,947
Accumulated Depreciation						
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
Depreciation	2,748	4,013	9,228	200	154,140	170,328
As at November 30, 2020	$ 419,767	$ 93,947	$ 71,142	$ 5,355	$ 400,435	$ 990,645
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
Balance,November 30, 2020	$3,361	$42,931	$58,429	$1,396	$879,184	$985,302

5. SHARE CAPITAL

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

Effective June 1, 2020, the Company completed a 12 to 1 share consolidation. All share and per share amounts have been retroactively restated to reflect the share consolidation.

Transaction during the three months ended November 30, 2020:

On July 17, 2020, the Company issued 4,475,000 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

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

warrant is exercisable for eighteen months at a price of $0.30 per share. The Company's CEO subscribed for 125,000 units.

On July 29, 2020, the Company issued 1,275,000 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. The Company also agree to issue 375,000 units of agents' warrants exercisable at $0.30 per share until January 30, 2022.

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

Transaction the three months ended November 30, 2019:

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.

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, 2019	269,583	$ 2.88
Granted	–	–
Expired/Cancelled	(112,917)	2.28
Outstanding, May 31, 2020	156,667	$3.24
Granted	1,366,000	$0.40
Expired/Cancelled	(152,500)	$3.28
Outstanding, November 30, 2020	1,370,167	$ 0.41

All of the options outstanding at November 30, 2020 were fully vested.

The weighted average remaining contractual life of the stock options outstanding as at November 30, 2020 was 1.22 years (May 31, 2020 – 1.46 years).

(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, 2019	3,127,923	$ 2.04
Expired	(166,667)	$ 6.00
Issued	1,399,000	$ 1.56
Balance, May 31, 2020	4,360,257	$ 1.80
Expired	–	–
Issued	3,250,000	$0.30
Balance, November 30, 2020	7,610,257	$ 1.28

At November 30, 2020, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
325,000	$3.00	February 3, 2021
708,333	$1.20	June 01, 2021
350,000	$1.20	August 22, 2021
364,583	$2.40	October 22, 2021
345,833	$2.40	November 5, 2021
375,000	$2.16	November 21, 2021
83,333	$2.40	December 06, 2021
409,173	$1.80	February 26, 2022
333,333	$3.00	September 16, 2021
358,333	$3.00	October 29, 2021
640,667	$1.44*	February 07,2022
66,667	$1.44**	March 05, 2022
2,237,500	$0.30	January 17, 2022
1,012,500	$0.30	January 30, 2022
7,610,257		

* Exercise price increases to $2.40 per share on February 06, 2021
** Exercise price increase to $2.40 per share on March 06, 2021

The weighted average remaining contractual life of the warrants outstanding as at November 30, 2020, was 0.98 years (May 31, 2020 – 1.35 years).

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.

(Expressed in Canadian dollars)

8. SEGMENTED INFORMATION (continued)

(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 and 2019, 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)

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	1,305,785	279,986
USA	–	169,693
	1,305,785	449,679

(Expressed in Canadian dollars)

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 six months ended November 30, 2020 and 2019, are as follows:

	2020 $	2019 $
Salary, wages and fees	–	–
Production costs	18,250	33,300
	18,250	33,300

(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 six months ended November 30, 2020 and 2019, are as follows:

	2020 $	2019 $
Salary, wages and fees (management, programming and marketing)	15,550	10,950

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	60,000	72,000

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.

(b) Amounts due to related parties

At November 30, 2020, $96,969 (November 30, 2019 – $189,486) 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.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (continued)

(c) Related party transactions

During the six months ended November 30, 2020, an amount of $397,119 (2019 - $351,747) 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	48,150	34,800
Investor and finance development	18,350	14,000
Management fees	60,000	72,000
Office and miscellaneous	77,494	43,907
On-Track TV development costs	18,250	25,525
Research and development	44,700	99,000
Software development costs	12,875	11,500
Subcontractors	24,125	–
Business development	59,675	23,250
Wages and benefits	33,500	27,625
	397,119	351,747

11. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares, options and warrants for a total amount of $25,602,684 at November 30, 2020 (May 31, 2020 – $23,834,156). 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 and film production, retain cannabis operation and to ensure the growth of activities. The Company is not subject to external capital requirements.

12. LINE OF CREDIT

As at November 30, 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 November 30, 2020 and 2019.

13. LEASE TERMINATIONS

During the year ended May 31, 2019, a supplier to 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 May31, 2019. During the year ended May31, 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.

(Expressed in Canadian dollars)

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:

	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. 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.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

Interest Rate Risk

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

15. GOVERNMENT GRANT

Canada Emergency Wage Subsidy (CWES)

The Federal Government of Canada passed legislation, providing Canada Emergency Wage Subsidy on April 11, 2020. CWES is a wage subsidy for eligible Canadian employer whose business has been affected by COVID-19. The CWES 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 CWES is originally for up to 24 weeks, retroactive from March 15, 2020 to June 6, 2020.

At November 30, 2020, an amount of $78,733 CEWS (2019 – $Nil) was credit to wage and benefits in the consolidated statement of operation and comprehensive loss, and an amount of $63,137 CEWS (2019 – $0) was received before November 30, 2020 and the remainder was received on December 16, 2020. There are no unfulfilled conditions and outstanding contingencies regarding the CEWS.

Canada Emergency Commercial Rent Assistance (CECRA)

The Federal Government of Canada, in partnership with the provinces and territories, introduced Canada Emergency Commercial Rent Assistance to relief for businesses experiencing financial hardship due to COVID-19 for the months of April to September 2020. Over the course of the program, property owners will reduce rent by at lease 75% of the gross rent. CECRA will cover 50% of the rent, with the tenant paying up

15. GOVERNMENT GRANT (continued)

to 25% and the property owner forgiving at least 25%. The Company's landlord applied CECRA for all eligible tenants in the property.

At November 30, 2020, an amount of $81,164 CECRA (2019 - $Nil) was received, of which $3,865 was GST. The Company has applied the practical expedient of IFRS 16 for lessees 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.

16. LOANS

Canada Emergency Business Account (CEBA)

CEBA is originally launched on April 09, 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, 2022. The company has a strong intention to repay the loan by end of December 31, 2022.

Short Term Loan from s 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 supporting general working capital purpose. The loan was settled on July 17, 2020 through issuance of 150,000 units to the investor in the Company's July 2020 private placement. 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. Interest paid is $300 as at August 31, 2020 (2019 – $600), and total interest paid for the loan is $900.

17. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

Lease liabilities consists 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.

(Expressed in Canadian dollars)

17. RIGHT-OF-USE ASSET AND LEASE LIABILITIES (continued)

Balance at June 1, 2019	$1,061,175
Interest expense	56,340
Lease payments	(274,366)
Balance at May 31, 2020	$ 843,149
Addition	218,444
Interest expense	29,474
Lease payments	(180,951)
Balance at November 30, 2020	910,116
Less: current portion	(314,263)
	$ 595,853

As at November 30, 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 at May 31, 2020	$ 814,880
Addition	218,444
Depreciation	(154,140)
Balance at November 30, 2020	879,184

18. SUBSEQUENT EVENT

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.

In January 2021, the Company has applied total $24,057 Canada Emergency Rent Subsidy (CERS) for periods of September 27 to December 19, 2020. The Company has not posted any amount of CERS in the financial statements of November 30, 2020. Until January 29, 2020, $Nil amount of CERS is received. There are no unfulfilled conditions and outstanding contingencies regarding the CERS.