



QUIZAM MEDIA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
AUGUST 31, 2022 AND 2021
(Unaudited)

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

QUIZAM MEDIA CORPORATION**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

	As at August 31, 2022 \$	As at May 31, 2022 \$
ASSETS		
Current		
Cash and cash equivalents	152,143	279,058
Accounts receivable	47,212	47,945
Sales taxes recoverable	–	1,553
Prepaid expenses and deposits	88,698	87,106
Inventory (Note 3)	276,465	269,680
Total current assets	564,518	685,342
Investment in film production	50,000	–
Property and equipment (Note 4)	1,888,615	2,136,646
Total assets	2,503,133	2,821,988
LIABILITIES		
Current		
Accounts payable and accrued liabilities	691,269	786,460
Sales taxes payable	12,106	–
Deferred revenue	21,504	29,363
Due to related parties (Note 10)	5,707	217,178
Lease liabilities – Current (Note 17)	392,873	433,693
Loan payable – Current (Note 16)	20,000	20,000
Total current liabilities	1,143,459	1,486,694
Lease liabilities – Long-term (Note 17)	1,441,496	1,624,393
Loan payable – Long-term (Note 16)	40,000	40,000
Total liabilities	2,624,955	3,151,087
EQUITY		
Share capital (Note 5)	25,753,167	25,313,167
Share subscriptions received	–	150,200
Contributed surplus	3,278,463	3,278,463
Deficit	(29,153,452)	(29,070,929)
Total equity	(121,822)	(329,099)
Total liabilities and equity	2,503,133	2,821,988

Nature and continuance of operations (Note 1)

Contingency (Note 13)

Subsequent events (Note 18)

APPROVED ON BEHALF OF THE BOARD ON OCTOBER 28, 2022

/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)

	Three Months August 31, 2022 \$	Three Months August 31, 2021 \$
REVENUES		
Retail sales	1,788,960	1,523,987
Training services and software sales	117,243	81,420
	1,906,203	1,605,407
EXPENSES		
Accounting and legal (Note 10)	32,291	55,055
Automobile	19,103	7,837
Bank charges and finance fees	39,389	20,392
Depreciation	134,573	93,712
Investor and finance development (Note 10)	60,370	29,156
Management fees (Note 10)	50,920	44,500
Office and miscellaneous (Note 10)	93,908	280,460
On-Track TV development costs (Note 9 and 10)	44,444	31,150
Regulatory fees	3,868	3,429
Research and development (Note 10)	61,985	77,150
Retail inventory (Note 3)	1,045,826	952,035
Software development costs (Note 10)	–	11,500
Share-based compensation (Note 10)	–	10,331
Subcontractors (Note 10)	89,639	24,683
Telephone and internet	6,048	6,883
Travel and business development (Note 10)	86,011	206,175
Wages and benefits (Note 10)	224,352	205,851
	1,992,727	2,060,299
LOSS BEFORE OTHER ITEMS	(86,524)	(454,892)
OTHER ITEMS		
Interest income	–	7,168
Gain on termination of lease	4,001	–
NET LOSS AND COMPREHENSIVE LOSS	(82,523)	(447,724)
LOSS PER SHARE BASIC AND DILUTED	(0.00)	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	30,408,113	18,366,986

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

QUIZAM MEDIA CORPORATION**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

	Three Months August 31, 2022 \$	Three Months August 31, 2021 \$
OPERATING ACTIVITIES		
Net loss	(82,523)	(447,724)
Add back non-cash items:		
Depreciation	134,573	93,712
Share-based compensation	–	10,331
Gain from termination of leases	(4,001)	–
Lease interest expense	33,974	19,422
	82,023	(324,259)
Changes in non-cash working capital items:		
Accounts receivable	733	20,091
Prepaid expenses and deposits	(1,592)	(50,943)
Sales taxes recoverable	13,659	(3,172)
Inventory	(6,785)	(17,044)
Accounts payable and accrued liabilities	(95,191)	(121,505)
Due to related parties	(211,471)	(3,187)
Deferred revenue	(7,859)	14,893
CASH USED IN OPERATING ACTIVITIES	(226,483)	(485,126)
FINANCING ACTIVITIES		
Issuance of common shares, net	289,800	103,650
Lease payments	(134,708)	(72,109)
CASH PROVIDED BY FINANCING ACTIVITIES	155,092	31,541
INVESTING ACTIVITIES		
Investment in film production	(50,000)	–
Acquisition of property and equipment	(5,524)	(24,347)
CASH USED IN INVESTING ACTIVITIES	(55,524)	(24,347)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(126,915)	(477,932)
CASH AND CASH EQUIVALENTS – BEGINNING	279,058	921,534
CASH AND CASH EQUIVALENTS – ENDING	152,143	443,602
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 EQUITY
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021

(Expressed in Canadian dollars)

	Number of Common Shares	Amount \$	Contributed Surplus \$	Share Subscriptions Received \$	Deficit \$	Total \$
As at May 31, 2021	18,213,971	24,245,652	3,173,032	–	(26,601,244)	817,440
Shares issued for exercise of warrants	337,500	101,250	–	–	–	101,250
Shares issued for exercise of options	6,000	3,265	(865)	–	–	2,400
Share issued for debt	42,424	21,000	–	–	–	21,000
Share-based compensation	–	–	10,331	–	–	11,721
Net loss for the period	–	–	–	–	(447,724)	(447,724)
As at August 31, 2021	18,599,895	24,371,167	3,182,498	–	(27,048,968)	504,697
As at May 31, 2022	25,277,678	25,313,167	3,278,463	150,200	(29,070,929)	(329,099)
Units issued for cash	8,000,000	440,000	–	(150,200)	–	289,800
Net loss for the period	–	–	–	–	(82,523)	(82,523)
As at August 31, 2022	33,277,678	25,753,167	3,278,463	–	(29,153,452)	(121,822)

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

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021

(Expressed in Canadian dollars)

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 shares are also listed on OTC Markets Group (OTCQB) under the symbol “QQQFF”. 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 negative cash flows from operations. These factors form a material uncertainty that may cast 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. These interim consolidated financial statements do not include any adjustments related to the recoverability of assets and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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

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.

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

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

3. INVENTORY

Inventory is comprised of the following:

	August 31, 2022 \$	May 31, 2022 \$
Finished goods	276,465	269,680
Total inventory (lower of cost and NRV)	276,465	269,680

Finished goods in the retail inventory expense for three months August 31, 2022 amounted to \$1,045,826 (2021 – \$952,035). The reserve for impaired inventory is based on management estimates, past experience, condition of the inventory and regulatory changes.

4. PROPERTY AND EQUIPMENT

Cost	Computer Hardware	Furniture and Fixtures	Leasehold Improvements	Library	Right-of-use Assets	Total
As at May 31, 2021	\$ 434,224	\$ 157,654	\$ 129,571	\$ 6,751	\$1,310,694	\$2,038,894
Additions	3,085	41,508	47,088	–	2,047,486	2,139,167
Lease terminations	–	–	–	–	(573,733)	(573,733)
As at May 31, 2022	\$ 437,309	\$ 199,162	\$ 176,659	\$ 6,751	\$2,784,447	\$3,604,328
Additions	–	5,524	–	–	–	5,524
Lease terminations	–	–	–	–	(148,728)	(148,728)
As at August 31, 2022	\$ 437,309	\$ 204,686	\$ 176,659	\$ 6,751	\$2,635,719	\$3,461,124

Accumulated Depreciation

As at May 31, 2021	\$ 422,494	\$ 100,389	\$ 81,637	\$ 5,554	\$ 560,594	\$1,170,668
Depreciation ^(a)	5,601	19,834	26,580	399	480,169 ^(a)	532,583
Lease terminations	–	–	–	–	(235,569)	(235,569)
As at May 31, 2022	\$ 428,095	\$ 120,223	\$ 108,217	\$ 5,953	\$ 805,194	\$1,467,682
Depreciation	1,246	6,198	7,445	100	119,584	134,573
Lease terminations	–	–	–	–	(29,746)	(29,746)
As at August 31, 2022	\$ 429,341	\$ 126,421	\$ 115,662	\$6,053	\$ 895,032	\$1,572,509

Carrying Amounts

Balance, May 31, 2022	\$ 9,214	\$ 78,939	\$ 68,442	\$ 798	\$ 1,979,253	\$ 2,136,646
Balance, August 31, 2022	\$ 7,968	\$ 78,265	\$ 60,997	\$ 698	\$ 1,740,687	\$ 1,888,615

(a) Total depreciation expense for the period relating to right-of-use assets was \$119,584 (2021 - \$106,556) which is presented net of a \$nil (2021 - \$24,132) rental subsidy (Note 15) for a total net depreciation expense of \$134,572 (\$229,654) in the consolidated statement of operations and comprehensive loss.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. SHARE CAPITAL

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

a) Transactions during the three months ended August 31, 2022:

On June 3, 2022, 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-half share purchase warrant. Each whole warrant is exercisable for twenty-four months at a price of \$0.20 per share. The Company's CEO subscribed for 755,000 units. Proceeds of \$150,200 were received prior to May 31, 2022.

On August 19, 2022, the Company issued 4,000,000 units at a price of \$0.05 per unit for proceeds of \$200,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant is exercisable for twenty-four months at a price of \$0.10 per share. The Company's CEO subscribed for 800,000 units.

b) Transactions during the three months ended August 31, 2021:

On June 25, 2021, the Company issued 6,000 shares upon the exercise of options at \$0.40 per share for gross proceeds of \$2,400.

On July 25, 2021, the Company issued 337,500 shares upon the exercise of warrants at \$0.30 per share for gross proceeds of \$101,250.

On August 3, 2021, the Company issued 42,424 shares at a price of \$0.495 per share for settlement of debt of \$21,000.

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.

QUIZAM MEDIA CORPORATION
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6. STOCK OPTIONS (continued)

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

	Number of Underlying Shares	Weighted Average Exercise Price
Outstanding, May 31, 2021	1,387,667	\$ 0.43
Granted	1,495,000	0.26
Exercised	(6,000)	0.40
Expired/Cancelled	(1,286,667)	0.41
Outstanding, May 31, 2022	1,590,000	\$ 0.28
Granted	–	–
Expired/Cancelled	–	–
Outstanding, August 31, 2022	1,590,000	\$ 0.28

All of the options outstanding at August 31, 2022 were fully vested.

The weighted average remaining contractual life of the stock options outstanding as at August 31, 2022 was 1.43 years (May 31, 2022 – 1.68 years).

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, 2021	9,260,257	\$ 0.19
Expired	(6,847,757)	2.06
Exercised	(337,500)	0.30
Issued	3,000,000	0.30
Balance, May 31, 2022	5,075,000	\$ 0.39
Expired	(2,075,000)	0.52
Issued	4,000,000	0.15
Balance, August 31, 2022	7,000,000	\$ 0.21

At August 31, 2022, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,000,000	\$0.40	May 1, 2023
2,000,000	\$0.25	February 9, 2024
2,000,000	\$0.20	June 4, 2024
2,000,000	\$0.10	August 20, 2024
7,000,000		

The weighted average remaining contractual life of the warrants outstanding as at August 31, 2022, was 1.57 years.

QUIZAM MEDIA CORPORATION
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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 three months ended August 31, 2022 and 2021, respectively:

	2022	2021
	\$	\$
Revenue	117,243	81,420
Expenses	(383,497)	(80,350)

- (b) Software and Licensing sales and expenses for the three months ended August 31, 2022 and 2021, respectively:

	2022	2021
	\$	\$
Revenue	–	–
Expenses	–	(20,750)

- (c) Quantum 1 Cannabis's retail sales and consulting services sales and expenses for the three months ended August 31, 2022 and 2021, respectively:

	2022	2021
	\$	\$
Retail sales	1,788,960	1,523,987
Retail inventory	(1,045,826)	(952,035)
Other expenses	(342,381)	(589,145)

The Company's operations are centralized whereby the Company's head office is responsible for the operational results. All of the Company's assets and revenues are in Canada.

QUIZAM MEDIA CORPORATION
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(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 three months ended August 31, 2022 and 2021, are as follows:

	2022	2021
	\$	\$
Salary, wages and fees	13,744	–
Production costs	30,700	31,150
	44,444	31,150

(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 three months ended August 31, 2022 and 2021, are as follows:

	2022	2021
	\$	\$
Salary, wages and fees (management, programming and marketing)	–	–
Software development costs	–	20,750
	–	20,750

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(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:

	2022 \$	2021 \$
Management fees	50,050	44,500

For the three months ended August 31, 2022 and 2021, 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 August 31, 2022, \$5,707 (May 31, 2022 – \$217,178) 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.

(c) Related party transactions

During the three months ended August 31, 2022, an amount of \$304,048 (2021 - \$362,452) 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 for the three month periods ended August 31, 2022 and 2021 is as follows:

	2022 \$	2021 \$
Accounting and legal	28,200	23,250
Investor and finance development	59,870	20,050
Management fees	50,050	44,500
Office and miscellaneous	24,218	96,950
On-Track TV development costs	30,700	31,150
Research and development	43,750	51,950
Repair & Maintenance	–	47,200
Software development costs	–	17,150
Subcontractors	48,985	–
Business development	18,275	21,150
Wages and benefits	–	9,102
	304,048	362,452

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

11. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares, options and warrants for a total amount of \$29,031,630 at August 31, 2022 (May 31, 2022 - \$28,741,830). 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 August 31, 2022, 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 August 31, 2022 and 2021.

13. COMMITMENTS AND CONTINGENCIES

- a) In the 2022 fiscal year end the Company purchased a retail cannabis development permit from a third party in exchange for total consideration of \$971,000 that is payable in \$871,000 of cash and \$100,000 in common shares of the Company. As at August 31, 2022 the Company owes \$300,000 in future payments which are a commitment and are accrued for and included in accounts payable and accrued liabilities. The Company accounted for the \$971,000 purchase as pre-operating costs under IAS 38.69 that were incurred prior to opening its Cambie Street store location and these costs are expensed. The development permit is temporary in nature in that the City of Vancouver requires an application to renew the permit each year. The development permit was acquired prior to the Company signing a store lease and before the Company received provincial and municipal licenses for the Cambie Street store, and the lease and licenses are all necessary in order for the Company operate a cannabis retail store.
- b) From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

QUIZAM MEDIA CORPORATION
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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:

	August 31, 2022 \$	May 31 2022 \$
FVTPL (i)	152,143	279,058
Financial assets at amortized cost (ii)	47,212	47,945
Financial liabilities at amortized cost (iii)	(2,740,066)	(3,121,724)

(i) Cash and cash equivalents

(ii) Accounts receivable

(iii) Accounts payable, loan payable, lease liabilities 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	August 31, 2022 \$	May 31, 2022 \$
Cash and cash equivalents	1	152,143	279,058

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.

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14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 August 31, 2022:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable (excluding GST recoverable)	\$ 45,521	-	-	1,691	47,212

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 may generate a portion of its revenues in the U.S. and the United Kingdom, the Company's foreign exchange risk arises with respect to the U.S. dollar and the British pound. Financial instruments that may subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 0% of the Company's revenues are denominated in U.S. dollars or British pounds during the three months ended August 31, 2022 (2021 –0%) while a significant amount of the Company's expenses are denominated in Canadian dollars. Fluctuation of foreign exchange rate between U.S. dollar, British pound 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.

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15. GOVERNMENT GRANTS

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 employers whose business has been affected by COVID-19. The CEWS was originally for up to 24 weeks, retroactive from March 15, 2020 to June 6, 2020.

At August 31, 2022, an amount of \$nil CEWS (2021 – \$173,553) was credit to wage and benefits in the consolidated statements of operations and comprehensive loss, an amount of \$nil CEWS (2021 – \$173,553) was received before August 31, 2022. There are no unfulfilled conditions and outstanding contingencies regarding the CEWS.

Canada Emergency Rent Subsidy (CERS)

The Canadian government introduced the new Canada Emergency Rent Subsidy to provide direct relief to businesses, non-profits, and charities that continue to be economically impacted by the COVID-19 pandemic on October 9, 2020. The new rent subsidy was available from September 27, 2020 to November 2021. The qualifying organizations that have suffered a revenue drop would be eligible for a subsidy on eligible expenses, like rent.

At August 31, 2022, an amount of \$nil (2021 - \$74,992) was received. The Company has applied the practical expedient of IFRS 16 for lessees in its consolidated financial statements for all rent subsidy beginning on June 1, 2020. For the three months ended August 31, 2022, the Company recorded \$nil (2021 - \$88,095) of rent subsidy as a reduction to interest (\$nil (2021 - \$9,524)) and depreciation (\$nil (2021 - \$78,571)) expenses. There are no unfulfilled conditions and outstanding contingencies regarding the CERS.

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

16. LOANS

Canada Emergency Business Account (CEBA)

CEBA was 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 \$60,000. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of up to 33% (up to \$20,000).

The Company obtained the amount of \$60,000 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 1, 2024 until December 31, 2026, and the interest rate is 0% prior December 31, 2023. No principal repayments are required before December 31, 2023. If the loan remains outstanding after December 31, 2023, only interest payments are required until the full principal is due on December 31, 2025. The Company has a strong intention to repay the loan by end of December 31, 2023.

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.

Balance at May 31, 2021	\$ 762,509
Additions	2,045,209
Interest expense	125,597
Lease terminations	(355,677)
Less: rental subsidy	(20,333)
Lease payments	(499,219)
<hr/>	
Balance at May 31, 2022	2,058,086
Interest expense	33,975
Lease terminations	(122,984)
Lease payments	(134,708)
<hr/>	
Balance at August 31, 2022	1,834,369
Less: current portion	(392,873)
<hr/>	
	\$ 1,441,496

QUIZAM MEDIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. RIGHT-OF-USE ASSET AND LEASE LIABILITIES (continued)

As at August 31, 2022, the balance of the right-of-use asset is as follows:

Balance at May 31, 2021	\$ 750,100
Addition	2,186,797
Lease terminations	(477,475)
Depreciation	(480,169)
<hr/>	
Balance at May 31, 2022	\$ 1,979,253
Lease terminations	(118,983)
Depreciation	(119,584)
<hr/>	
Balance at August 31, 2022	\$ 1,740,686

18. SUBSEQUENT EVENTS

The Company entered into a shares for debt agreement totaling \$25,000 with arm's-length parties regarding outstanding consulting fees and proposes to settle the debt through the issuance of 500,000 common shares at a price of \$0.05 per share.

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 August 31, 2022, 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

October 28, 2022

1.2 Overall Performance

Quizam Media operates 3 divisions of business - Retail Cannabis, Corporate Learning/Training and Movie Production.

The Cannabis retail division is operated through Quantum 1 Cannabis Corp., a wholly owned subsidiary of Quizam Media. Quantum was among the first to aggressively go after Retail Licenses when it became legal in Canada late 2018. Quantum initially opened 6 stores in British Columbia as follows: Keremeos in November 2019, Grand Forks in January 2020, Vernon in April 2020, Creston in November 2020, North Vancouver in August 2020 and Vancouver in November 2021. We are pleased with the sales and gross profit growth over the period. During our initial year in Cannabis (year ending May 31, 2020) our Gross Sales (not including taxes) were approximately \$201,000 with Gross Profit of \$74,000. During the year ended May 31, 2021, we realized approximately \$3.8 million in sales with Gross Profit of \$1.4 million. During the year ended May 31, 2022, we realized approximately \$6.4 million in sales with Gross Profit of \$2.4 million. During the three months ended August 31, 2022, we generated approximately \$1.9 million in sales compared to \$1.5 million during the three months ended August 31, 2021.

Quantum currently operates 4 stores in British Columbia located in Keremeos, North Vancouver, Vancouver and Vernon,

The Corporate Learning division is called On-Track. Within On-Track there are 3 divisions. On-Track Corporate Training (face to face consulting), On-Track Online Live (face to face but online) and OntrackTV (a large library of short vignettes).

On-Track Corporate Training faced some challenges during Covid19 as many classes had to be cancelled and many of the Company's regular clients did not want to send their employees for training. As Covid19 has passed, we are now seeing a resurgence of customers booking classes and coming to our offices for training. On-Track Corporate Training is well known in the marketplace and we expect our business to grow this year. In September 2022 we launched our brand new On-Track.com website. Response has been positive.

One positive aspect of Covid19 is that it introduced many companies to On-Line Video Conferencing. Programs and Apps like "Go To Meeting" and "Zoom" have become well known and accepted by everyone. This has helped enhanced the attractiveness of our On-Track Online Live division. We have seen a significant surge in the demand for on-line training. Management is very encouraged by this trend in the market. Firstly, On-Track On-Line Live (OTOLL) is perfectly equipped to handle this mode of delivery. Secondly, (and most importantly) this greatly increases our reach and our capacity. Students can now login into an OTOLL session from anywhere in the world and our class size is virtually unlimited.

OTOLL is marketing to several cities beyond Vancouver and attracting customers from a global market place. We expect to see this grow significantly. It's worth to note that the Company competes in the global marketplace and the continued devalued Canadian Dollar is helping to make our product more competitive globally.

OntrackTV is an online library of short learning vignettes. Over the last 16 months the Company has done an extensive rewrite of the application. The key goals were to a) make the application super simple and visually pleasing on a cell phone, a desktop or a tablet; and b) have a slick and speedy search algorithm that can find anything quickly. We have achieved these goals and are excited about launching the App in the coming months. Currently, our model is for anyone to browse the myriad of courses for free but if you want to login and use all the "Settings Tools" and "Tracking Tools" then you will have to pay a modest subscription fee. Additionally, we have a Corporate Login Ability where clients can "White Label" the login with their logo and add their own content strictly for their team. Overall, we are very excited about this app and we see positive growth potential. The current Beta Version is available for view at www.beta.ontracktv.com.

The Company's Movie Division is operated through Quizam Entertainment. In June 2022, we signed a deal with Award Winning Producers Everett Bumstead and Kenrick Block for a new Feature Film Documentary entitled "The Forest For The Fires".

This documentary film is about the wildfire fighters shot across the northwest from Haida Gwaii to Revelstoke. The film will center on the human element. Specifically, the brave people that fight wildfires in British Columbia and the unique culture of artists, athletes and entrepreneurs that spend their summers protecting the line between the human and natural world.

Producers Everett Bumstead and Kenrick Block won two Leo awards in 2021 (best directing and best editing in a documentary) for their highly acclaimed film “One Million Trees”.

Quizam is the sole executive producer and owner of the project which is expected to be completed in February 2023. We will be marketing this film to various distributors including, but not limited to, NetFlix and Amazon Prime.

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 and running a tight ship in order to increase profitability;
- b) Increase of pricing in all areas;
- c) 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 and companies beyond the Vancouver boundary as clients for On-track online live and OntrackTV;
- e) Continue to develop OntrackTV markets in the UK, North America, and Southeast Asia and sell more regional Ontracktkv licenses;
- f) Continue to develop components to OntrackTV;
- g) Complete production of our current Forest Fire Documentation due to be released in May 2023;
- h) 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;
- i) Expand 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; and
- j) Launch and market our new OntrackTV version by November 2022.

1.3 Discussion of Operations

Revenue for the three months ended August 31, 2022, increased to \$ 1,906,203 compared to \$1,605,407 during the three months ended August 31, 2021. This increase was mostly due to non-medical cannabis retail business which increased by \$264,973. Operating expenses decreased from \$2,060,299 during the three months ended August 31, 2021, to \$1,992,727 during the three months ended August 31, 2022. The decrease of \$67,572 was mainly as a result of an increase in retail inventory (cost of goods sold) of \$93,791 offset by a decrease in office and miscellaneous expenses of \$186,552, and travel and business development of \$120,164. Net loss decreased to \$82,523 (2021 - \$447,724) during the three months ended

August 31, 2022. Net loss decreased by \$365,201 primarily as a result of the increase of revenue.

The significant changes were as follows:

- Retail inventory costs increased to \$1,045,826 for three months ended August 31, 2022 (2021 - \$952,035). The retail inventory costs increased as a result of an increase in the sale of non-medical cannabis.
- Office and miscellaneous decreased to \$93,908 for the three months ended August 31, 2022 (2021 - \$280,460). The decrease is related to less cannabis retail locations during the three months ended August 31, 2022 as compared to the three months ended August 31, 2021.
- Travel and business development costs decreased to \$86,011 for the three months ended August 31, 2022 (2021 - \$206,175). The decrease is related to less travel and business development related to the On-Track TV license sales in the US and United Kingdom.

Revenue information by segment is as follows:

- (a) Training Services and UK On-Track TV sales and expenses for the three months ended August 31, 2022 and 2021, respectively:

	2022	2021
	\$	\$
Revenue	117,243	81,420
Expenses	(383,497)	(80,350)

- (b) Software and Licensing sales and expenses for the three months ended August 31, 2022 and 2021, respectively:

	2022	2021
	\$	\$
Revenue	—	—
Expenses	—	(20,750)

- (c) Quantum 1 Cannabis's retail sales and consulting services sales and expenses for the three months ended August 31, 2022 and 2020, respectively:

	2022	2021
	\$	\$

Retail sales	1,788,960	1,523,987
Retail inventory	(1,045,826)	(952,035)
Other expenses	(342,381)	(589,145)

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.

	August 31 2022	May 31, 2022	February 28, 2022	November 30, 2021	August 31, 2021	May 31, 2021	February 28, 2021	November 30, 2020
Total Revenue	\$1,906,203	\$1,926,172	\$1,747,037	\$1,598,929	\$1,605,407	\$1,452,408	\$1,305,939	\$953,926
Loss before other items	\$(86,524)	\$(562,738)	\$(870,888)	\$(478,952)	\$(454,892)	\$(415,835)	\$(288,791)	\$(210,229)
Net loss	\$(82,523)	\$(675,225)	\$(870,888)	\$(475,848)	\$(447,724)	\$(749,391)	\$(375,235)	\$(210,229)
Net loss per share	\$(0.00)	\$(0.04)	\$(0.04)	\$(0.02)	\$(0.02)	\$(0.04)	\$(0.02)	\$(0.02)

Revenue increased during the three months ended August 31, 2022 as a result of an increase in cannabis retail from stores revenue to \$1,788,960 and an increase in training services and software sale revenues to \$117,243. Net loss decreased during the first quarter ended August 31, 2022, as a result of an increase in revenue and a decrease in office and miscellaneous, and travel and business development costs.

Revenue increased during the three months ended May 31, 2022 mainly as a result of an increase in cannabis retail from stores revenue of \$105,051 and an increase in training services and software sale revenues of \$74,084. Net loss for the period decreased during the three months ended May 31, 2022, as a result of a decrease in investor and finance development, office and miscellaneous, and share-based compensation.

Revenue increased during the three months ended February 28, 2022 as a result of an increase in cannabis retail from stores revenue of \$96,606 and an increase in training services and software sale revenues of \$51,502. Net loss increased during the third quarter ended February 28, 2022, as a result of an increase in retail inventory, office and miscellaneous, travel and business development, research and development, accounting and legal, wages and benefits and loss from termination of leases.

Revenue decreased during the three months ended November 30, 2021 as a result of a decrease in cannabis retail from stores revenue of \$20,884, partially offset by an increase in training services and software sale revenues of \$14,406. Net loss increased during the second quarter ended November 30, 2021, as a result of an increase in retail inventory, office and miscellaneous, travel and business development, research and development, depreciation and wages and benefits being offset by an increase in revenue and decrease in subcontractors and share-based compensation.

Revenue increased during the three months ended August 31, 2021 as a result of an increase in cannabis retail from stores revenue of \$154,695. Net loss decreased during the first quarter ended August 31, 2021, as a result of an increase in retail inventory, office and miscellaneous, travel and business development, and wages and benefits being offset by an increase in revenue and decrease in research and development costs, subcontractors and share-based compensation.

1.6 Liquidity

The Company's liquidity is as follows:

	August 31, 2022	May 31, 2022
Cash and cash equivalents	\$152,143	\$279,058
Accounts receivable	\$47,212	\$47,945
Accounts payable and accrued liabilities	\$691,269)	\$786,460
Due to related parties	\$5,707	\$217,178
Lease liabilities – current portion	\$392,873	\$433,693
Working capital surplus (deficiency)	\$(578,941)	\$(801,352)

As at August 31, 2022, the Company had cash and cash equivalents of \$152,143 and a working capital deficiency of \$578,941 compared to cash and cash equivalents of \$279,058 and a working capital deficiency of \$801,352 as at May 31, 2022.

During the three months ended August 31, 2022, the Company used \$226,483 of cash for operating activities compared to \$485,126 in the comparative period. 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. The Company will continue to improve its cash positions by focusing on increasing sales, improving profitability and equity financings

Due to the rapidly evolving COVID-19 pandemic from March 2020 to August 2022, the Company's training service revenue has been impacted since late March 2020, and COVID-19 has significantly influenced face-to-face training since April 2020. Most of the trainings are done on-line virtually now. On the other hand, the revenue from cannabis stores has continually increased since the first store was opened; this provides certain liquidity to the

Company. Quantum 1 currently operates 4 retail stores in BC and any unexpected situations arising from COVID-19 may affect the Company's liquidity in the future.

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 currently has 33,777,678 common shares issued.

The Company has signed a rental agreement effective until August 31, 2027 for the lease of its head office in Vancouver. The Company signed five rental agreements for store-front retail outlets for its cannabis operations. The Company's current value of the future lease payments as at August 31, 2022 was \$1,834,369.

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:

	August 31, 2022	August 31, 2021
Management fees	\$ 50,050	\$ 44,500

For the three months ended August 31, 2022 and 2021, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

At August 31, 2022, \$5,707 (May 31, 2022 – \$217,178) 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, management fees, 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 three months ended August 31, 2022, an amount of \$304,048 (2021 - \$362,452) 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.

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

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, 2022, 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 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 payment 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:

	August 31, 2022	May 31, 2022
	\$	\$
FVTPL (i)	152,143	279,058
Financial assets at amortized cost (ii)	47,212	47,945
Financial liabilities at amortized cost (iii)	(2,740,066)	(3,121,724)

(i) Cash and cash equivalents

- (ii) Accounts receivable
- (iii) Accounts payable, loan payable, lease liabilities 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	August 31, 2022	May 31, 2022
Cash and cash equivalents	1	\$152,143	\$279,058

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 August 31, 2022:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable	\$ 45,521	–	–	1,691	47,212

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 subsidies, like CEWS, CEBA loan, CECRA and CERS, which helped the short-term liquidity of the Company.

Foreign Exchange Risk

As the Company may generate a portion of its revenues in the U.S. and the United Kingdom, the Company's foreign exchange risk arises with respect to the U.S. dollar and the British pound. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 0% of the Company's revenues are denominated in U.S. dollars or British pounds in the three months ended August 31, 2022 (2021 –0%) while a significant amount of the Company's expenses is denominated in Canadian dollars. Fluctuation of foreign exchange rate between U.S. dollar, British pound 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 August 31, 2022 and the date of the MD&A:

	Number of shares issued or issuable as at August 31, 2022	Number of shares issued or issuable as at October 28, 2022
Common shares	33,277,678	33,777,678
Stock options	1,590,000	1,590,000
Warrants	7,000,000	7,000,000