

QUANTUM NUMBERS CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2021

Condensed Interim Statements of Financial Position	2
Condensed Interim Statements of Net loss and Comprehensive loss	3
Condensed Interim Statements of Changes in Equity	4
Condensed Interim Statements of Cash Flows	5
Notes to Condensed Interim Financial Statements	6 - 10

These condensed interim financial statements for the three-month period ended March 31, 2021 have not been reviewed by the Company's external auditors.

QUANTUM NUMBERS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited, in Canadian dollars)

	Notes	March 31, 2021 \$	December 31, 2020 \$
ASSETS			
Current			
Cash and cash equivalents		1,406,964	20,090
Taxes receivable		58,196	7,468
Prepaid expenses		3,471	5,345
		<u>1,468,631</u>	<u>32,903</u>
Non-current			
Deposits		202	202
Intellectual Property	4	634,080	639,580
		<u>634,282</u>	<u>639,782</u>
Total assets		<u>2,102,913</u>	<u>672,685</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities		72,921	419,014
Current liabilities		<u>72,921</u>	<u>419,014</u>
Non-current			
Deferred government grant		3,577	
Loan payable		49,206	31,888
Total liabilities		<u>125,704</u>	<u>450,902</u>
SHAREHOLDERS' EQUITY			
Share Capital	5	8,394,621	6,334,571
Units to be issued		-	12,500
Contributed surplus	7	426,404	280,404
Deficit		(6,843,816)	(6,405,692)
Total shareholders' equity		<u>1,977,209</u>	<u>221,783</u>
Total liabilities and shareholders' equity		<u>2,102,913</u>	<u>672,685</u>

The accompanying notes are an integral part of these condensed interim financial statements.

On the behalf of the Board,

(s) Francis Bellido
 President and CEO

(s) Marc Rousseau
 CFO

QUANTUM NUMBERS CORP.**CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS (Unaudited,
in Canadian dollars)**

	Notes	Three-months ended	
		March 31	
		2021	2020
		\$	\$
EXPENSES			
Share-based payments	7	174,000	-
Consulting fees		78,891	1,400
Professional fees		63,332	9,819
Management fees		62,201	-
Office expenses		26,121	898
Filing and listing fees		12,798	9,168
Salaries		5,787	84,998
Amortization		5,500	5,546
Development costs		4,326	30,221
Insurance		3,551	3,423
Accretion expense		1,163	-
Bank charges		722	322
Travel expenses		-	8,085
Rent		-	3,600
Telecommunication		-	585
		<u>(438,392)</u>	<u>(158,065)</u>
Other income			
Government grant		268	-
Interest		-	217
		<u>268</u>	<u>217</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		<u>(438,124)</u>	<u>(157,848)</u>
LOSS PER SHARE			
Basic and diluted loss per share		<u>(0.005)</u>	<u>(0.003)</u>
Weighted average number of common shares outstanding		<u>94,974,505</u>	<u>60,527,838</u>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

QUANTUM NUMBERS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Unaudited, in Canadian dollars)
For the three-month period ended March 31, 2021

	Notes	Number of shares	Number of shares to be issued	Share Capital	Units to be issued	Contributed Surplus	Deficit	Total equity
Balance as at January 1, 2021		60,527,838	250,000	6,334,571	12,500	280,404	(6,405,692)	221,783
Share-based payments	7	-	-	-	-	174,000	-	174,000
Units issued for private placement	5	40,000,000	(250,000)	2,000,000	(12,500)			1,987,500
Share issue costs				(37,950)				(37,950)
Exercise of options	7	1,400,000	-	98,000	-	(28,000)		70,000
Net loss and comprehensive loss for the period		-	-	-	-	-	(438,124)	(438,124)
Balance as at March 31, 2021		101,927,838	-	8,394,621	-	426,404	(6,843,816)	1,977,209

	Notes	Issued capital		Options Reserve	Deficit	Total equity
		Shares	Amount			
Balance as at January 1, 2020		60,527,838	6,334,571	782,829	(6,224,366)	893,034
Net loss and comprehensive loss for the period		-	-	-	(157,848)	(157,848)
Balance as at March 31, 2020		<u>60,527,838</u>	<u>6,334,571</u>	<u>782,829</u>	<u>(6,382,214)</u>	<u>735,186</u>

The accompanying notes are an integral part of these condensed interim financial statements.

QUANTUM NUMBERS CORP.**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited, in Canadian dollars)**

	Three-months ended March 31	
	2021	2020
	\$	\$
Operating Activities		
Net loss	(438,124)	(157,848)
Adjustments to net loss for non-cash items		
Share-based payments	174,000	-
Amortization	5,500	5,546
Accretion expense	1,163	-
Government grant	(268)	-
Net changes in non-cash working capital items		
Taxes receivable	(50,728)	(2,746)
Prepaid expenses	1,874	(1,077)
Accounts payable and accrued liabilities	(346,093)	21,121
Net operating cash flows	<u>(652,676)</u>	<u>(135,004)</u>
Investing Activity		
Intellectual property acquisition	-	-
Net investing cash flows	<u>-</u>	<u>-</u>
Financing Activity		
Proceeds from loan payable	20,000	-
Proceeds from issuance of shares	1,987,500	-
Share issue costs	(37,950)	-
Exercise of options	70,000	-
Net financing cash flows	<u>2,039,550</u>	<u>-</u>
Net change	1,386,874	(135,004)
Cash, beginning of period	20,090	287,631
Cash, end of period	<u>1,406,964</u>	<u>152,627</u>

The accompanying notes are an integral part of these condensed interim financial statements.

QUANTUM NUMBERS CORP.

Notes to Condensed Interim Financial Statements (Unaudited, in Canadian dollars)

For the three-month period ended March 31, 2021

1. INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN

Quantum Numbers Corp. (the "Company" or "Quantum") was incorporated under the *Business Corporations Act* of Ontario on July 19, 2007.

The head office, principal address and records office of the Company are located at 3755 E Blvd Matte, suite 201, Brossard, Québec, J4Y 2P4. The Company is a developer of a new generation of cryptographic solutions pursuant to the acquisition of intellectual property.

The business of technology involves a high degree of risk and there can be no assurance that projects under research and development will proceed through to achieve commercialization. Risks related to the value of the Company's intangible assets, completing proof of concept studies, protecting intellectual property rights, the ability of the Company to raise alternative financing, and risks inherent to new technologies, such as risk of obsolescence, slow adoption and competing technological advances. Changes in future conditions could require material impairment of assets.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Since its incorporation, the Company has accumulated a deficit of \$6,843,816 (December 31, 2020 - \$6,405,692) and during the period ended March 31, 2021, incurred a net loss and comprehensive loss of \$438,124 (March 31, 2020 - \$157,848). The Company does not currently have available resources and liquidity to fully execute its business plan over the next 12 months and is dependent on the Company's ability to raise additional finances to fund its operations. The above factors indicate a material uncertainty that may cast a significant doubt as to the Company's ability to continue as a going concern.

These condensed interim financial statements have been prepared on a going-concern basis which contemplates that the Company will continue in operation in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. This assumption is based on the current net assets of the Company and management's current operating plans.

These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

The Company's financial year ends on December 31.

In March 2020, the World Health Organization declared the COVID-19 epidemic a pandemic. The situation is continually evolving, and the measures put in place have numerous economic repercussions at the global, national, provincial and local levels. These measures, which include travel bans, solitary confinement or quarantine (voluntary or not), and social distancing, have caused significant disruption among businesses, globally and in Canada, due to the economic slowdown. Governments and central banks have responded by implementing monetary and fiscal measures to stabilize the world economy; however, the current challenging economic climate may cause adverse changes in cash flow, the level of working capital and the search for future financing, which could have a direct impact on the Company's future financial position. The Company has implemented measures to mitigate the impact of the pandemic on its future operations such as the curtailment of certain non-essential exploration and evaluation expenditures.

QUANTUM NUMBERS CORP.

Notes to Condensed Interim Financial Statements (Unaudited, in Canadian dollars)

For the three-month period ended March 31, 2021

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

These condensed interim financial statements have been prepared in accordance with 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*. The unaudited condensed interim financial statements should be read in conjunction with the Company’s audited annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

The condensed interim financial statements for the reporting period ended March 31, 2021 (including comparatives) were approved and authorized for issue by the Board of Directors on May 28, 2021.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICES

These condensed interim financial statements were prepared in accordance with standard IAS 34 - Interim Financial Reporting and do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). They, however, include specific complimentary notes in order to provide information necessary to assess the financial situation of the Company at period end since its last annual financial statements dated December 31, 2020.

At the date of authorization of these condensed interim financial statements, management believes that there are no new standards, amendments and interpretations to existing standards that have been published by the IASB, but are not yet effective, which could materially impact the Company’s financial statements.

4. INTELLECTUAL PROPERTY

The carrying amount can be analyzed as follows:

	Balance as at December 31 2020	Additions	Balance as at March 31 2021
	\$	\$	\$
Cost			
Acquisition of SOCPRA license (Note 4)	446,112	-	446,112
Development costs	220,967	-	220,967
	667,079	-	667,079
Accumulated amortization			
Amortization of license	27,499	5,500	32,999
Carrying amount	639,580	5,500	634,080

In October of 2019, when available for use, the Company has commenced amortizing the license on a twenty-year basis. No amortization was taken on the development costs as these assets are not yet available for use.

QUANTUM NUMBERS CORP.**Notes to Condensed Interim Financial Statements** (Unaudited, in Canadian dollars)

For the three-month period ended March 31, 2021

5. SHARE CAPITAL

On January 15, 2021, the Company completed a non-brokered private placement by issuing a total of 40,000,000 units at a price of \$0.05 per unit, for a total gross proceed of \$2,000,000. Each unit consisted of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of \$0.15 for a period of 12 months following the closing of the private placement. Finder's fees of \$27,200 were paid in connection with the private placement.

6. WARRANTS

The Company's warrants are as follows for the reporting periods:

	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Number of warrants</u>	<u>Weighted average exercise price</u>	<u>Number of warrants</u>	<u>Weighted average exercise price</u>
		\$		\$
Balance outstanding, beginning of year	-	-	-	-
Granted	<u>40,000,000</u>	0.15	-	-
Balance outstanding, end of year	<u>40,000,000</u>	0.15	-	-

These warrants are exercisable for a period of twelve months.

7. STOCK OPTIONS

The Company's share options are as follows for the reporting periods:

	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
		\$		\$
Balance outstanding, beginning of year	6,650,000	0.07	4,250,000	0.20
Granted	3,500,000	0.17	4,650,000	0.65
Expired	-	-	(2,250,000)	(0.28)
Exercised	<u>(1,400,000)</u>	0.05	-	-
Balance outstanding, end of year	<u>8,750,000</u>	0.11	<u>6,650,000</u>	0.07
Balance exercisable, end of year	<u>6,562,500</u>	0.10	<u>6,650,000</u>	0.07

QUANTUM NUMBERS CORP.

Notes to Condensed Interim Financial Statements (Unaudited, in Canadian dollars) For the three-month period ended March 31, 2021

7. STOCK OPTIONS (Continued)

The weighted average remaining contractual life for options outstanding at March 31, 2021 is 2.55 (2020 – 4.44) years.

The Company recognized an amount of \$174,000 (2020 - \$nil) for the period ended March 31, 2021.

The weighted average fair value of the granted options was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2021	2020
Average share price at date of grant	\$0.18	-
Dividends yield	-	-
Expected weighted volatility	127.40%	-
Risk-free interest rate	0.29%	-
Expected average life	3 years	-
Average exercise price at date of grant	\$0.17	-

Outstanding and exercisable options are as follows:

Expiry Date	Exercise Price \$	Number of shares		Remaining life (years)
		Outstanding	Exercisable	
November 22, 2021	0.10	500,000	500,000	0.65
April 1, 2022	0.15	150,000	150,000	1.00
December 9, 2022	0.12	900,000	900,000	1.69
November 22, 2023	0.10	200,000	200,000	2.65
December 18, 2023	0.05	2,500,000	2,500,000	2.72
December 22, 2023	0.065	750,000	750,000	2.73
December 9, 2024	0.12	250,000	250,000	3.69
January 26, 2024	0.14	500,000	500,000	2.82
February 2, 2024	0.14	2,500,000	312,500	2.84
March 11, 2024	0.215	500,000	500,000	2.95
		8,750,000	6,562,500	

QUANTUM NUMBERS CORP.

Notes to Condensed Interim Financial Statements (Unaudited, in Canadian dollars)

For the three-month period ended March 31, 2021

8. RELATED PARTY TRANSACTIONS

The Company's related parties include insiders, companies under common control and joint key management, as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

8.1 Transactions with key management

The key management of the Company are the members of senior management and the Board. The remuneration for the period of key management include the following expenses:

	2021	2020
	\$	\$
Management fees	62,201	-
Salaries	-	78,000
Share-based payments	174,000	-
	<u>236,201</u>	<u>78,000</u>

An amount of \$16,667 (2020 - \$nil) is due to a company owned by senior management for unpaid management fees and is included in accounts payable and accrued liabilities.

An amount of \$921 (2020 - \$nil) is due to directors for reimbursement of expenses incurred during the period and is included in accounts payable and accrued liabilities.

9. POST-REPORTING DATE EVENT

There are no post-reporting date events.