QUANTUM eMOTION CORP.
(formerly Quantum Numbers Corp.)

Condensed financial statements
March 31, 2022 and 2021
(Unaudited, in Canadian dollars)

QUANTUM eMOTION CORP. (formerly Quantum Numbers Corp.)
Statements of financial position
As at March 31, 2022 and December 31, 2021
(Unaudited, in Canadian dollars)

	Notes	March 31, 2022	December 31, 2021
		$	$
Assets			
Current assets:			
Cash		3,274,712	1,021,552
Taxes receivable		42,389	57,030
Prepaid expenses and other		66,594	50,188
Investments	3	1,505,500	1,014,919
		4,889,195	2,143,689
Non-current assets:			
Intellectual property	4	959,386	957,161
Total assets		5,848,581	3,100,850
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		238,573	333,818
Non-current liabilities:			
Deferred government grant		1,537	2,041
Loan payable		55,111	53,572
Total liabilities		295,221	389,431
Shareholders' Equity			
Share capital	5	13,367,705	10,173,156
Units to be issued		30,000	-
Contributed surplus	5	815,796	506,603
Deficit		(8,660,141)	(7,968,340)
		5,553,360	2,711,419
Total liabilities and Shareholders' equity		5,848,581	3,100,850

See accompanying notes to condensed financial statements.

Approved on behalf of the Board:

"Francis Bellido"
Francis Bellido CEO

"Marc Rousseau"
Marc Rousseau CFO

QUANTUM eMOTION CORP. (formerly Quantum Numbers Corp.)
Statements of loss and comprehensive loss
Periods ended March 31, 2022 and 2021
(Unaudited, in Canadian dollars)

			Three months ended March 31		
	Notes		**2022**		**2021**
Expenses					
Share-based payments	5		332,402		174,000
Management fees	6	$	155,500		66,527
Information technology			66,611		-
Investor relations			39,204		-
Research and development			25,960		-
Travel			22,635		-
Salaries			18,866		5,787
Professional fees			18,464		63,332
Office			13,415		26,121
Financial expenses			6,573		1,885
Filing and listing fees			5,913		12,798
Consulting fees			5,760		78,891
Amortization	4		5,500		5,500
Other			3,689		-
Insurance			-		3,551
		$	720,492	$	438,392
Other items					
Change in fair value of investments			23,360		-
Government grant			504		268
Financial income			5,595		-
Foreign currency loss			(768)		-
		$	28,691		268
Net loss and comprehensive loss		$	691,801	$	438,124
Basic and diluted loss per share		$	0.005		0.005
Weighted average number of common shares outstanding			131,536,949		94,974,505

See accompanying notes to condensed financial statements.

QUANTUM eMOTION CORP. (formerly Quantum Numbers Corp.)
Statements of changes in Shareholders' equity
Periods ended March 31, 2022 and 2021
(Unaudited, in Canadian dollars)

	Notes	Number of shares	Number of shares to be issued	Share capital	Units to be issued	Contributed surplus	Deficit	Total equity
				$	$	$	$	$
Balance as of December 31, 2021		114,012,838	-	10,173,156	-	506,603	(7,968,340)	2,711,419
Share-based payments	5	-	-	-	-	332,402	-	332,402
Units issued for private placement	5	-	-	-	-	-	-	-
Share issue costs	5	-	-	340	-	-	-	340
Exercise of options	5	150,000	-	38,209	-	(23,209)	-	15,000
Exercise of warrants	5	21,040,000	200,000	3,156,000	30,000	-	-	3,186,000
Net loss		-	-	-	-	-	(691,801)	(691,801)
Balance as of March 31, 2022		135,202,838	200,000	13,367,705	30,000	815,796	(8,660,141)	5,553,360
Balance as of December 31, 2020		60,527,838	250,000	6,334,571	12,500	280,404	(6,405,692)	221,783
Share-based payments	5	-	-	-	-	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	5	-	-	(37,950)	-	-	-	(37,950)
Exercise of options	5	1,400,000	-	98,000	-	(28,000)	-	70,000
Net loss		-	-	-	-	-	(438,124)	(438,124)
Balance as of March 31, 2021		101,927,838	-	8,394,621	-	426,404	(6,843,816)	1,977,209

See accompanying notes to condensed financial statements.

QUANTUM eMOTION CORP. (formerly Quantum numbers Corp.)
Statements of cash flows
Periods ended March 31, 2022 and 2021
(Unaudited, in Canadian dollars)

		Three months ended March 31	
		2022	**2021**
	Notes	$	$
Operating Activities			
Net loss		(691,801)	(438,124)
Adjustments to net loss for non-cash items			
Share-based payments	5	332,402	174,000
Amortization	4	5,500	5,500
Accretion expense		1,539	1,163
Government grant		(504)	(268)
Change in fair value of investments		(23,360)	-
Net changes in non-cash working capital items			
Taxes receivable		14,641	(50,728)
Prepaid expenses and other		(16,406)	1,874
Accounts payable and accrued liabilities		(95,245)	(346,093)
		(473,234)	(652,676)
Investing Activities			
Additions to intellectual property	4	(7,725)	-
Acquisition of investments	3	(1,007,978)	-
Proceeds from sale of investments	3	540,757	-
		(474,946)	-
Financing Activities			
Proceeds from loan payable		-	20,000
Proceeds from issuance of units	5	-	1,987,500
Share issuance costs		340	(37,950)
Exercise of options	5	15,000	70,000
Exercise of warrants	5	3,186,000	-
		3,201,340	2,039,550
Increase in cash		2,253,160	1,386,874
Cash, beginning of year		1,021,552	20,090
Cash, end of year		3,274,712	1,406,964

See accompanying notes to condensed financial statements.

1. Nature of operations and going concern

Quantum eMotion Corp. (formerly Quantum Numbers Corp.) (the “Company” or “Quantum”) was incorporated under the *Business Corporations Act* of Ontario on July 19, 2007. The Company changed its name on May 27, 2021 in a rebranding effort directed by management.

The head office, principal address and records office of the Company are located at 2300 Alfred Nobel, bureau 209, Montreal, Qc, H4S 2A4. The Company is a developer of a new generation of cryptographic solutions pursuant to the acquisition of intellectual property (note 4).

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 additional 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 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. For the three months ended March 31, 2022, the Company incurred a net loss of $691,801 (2021 - $438,124) and had negative cash flows from operations of $473,234 (2021 - $652,676). In addition, the Company had accumulated deficit of $8,660,141 as at March 31, 2022.

Management expects that the working capital (current assets in excess of current liabilities) available to the Company at March 31, 2022, including the $3,201,000 received, during the quarter, following the exercise of 21,240,000 warrants and 150,000 stock options (refer to note 6) will provide the Company with adequate funding to meet its short-term obligations for the next 12 months and to meet the timelines of its development programs and pay its overhead and administrative costs. However, the Company does not expect to generate revenue from product sales unless and until it successfully completes development of its cryptographic solutions, which may take a number of years and is subject to significant uncertainty. The Company expects to incur significant development and commercialization expenses related to product sales, marketing and distribution. As a result, the Company will need additional financing in the future to support its continuing operations. Until such time that it can generate significant revenue from product sales, if ever, the Company expects to finance its operations through a combination of public or private equity or debt financings or other sources. The Company currently has no committed sources of financing available. While the Company has been successful in securing financing in the past, raising additional funds is dependent on a number of factors outside the Company’s control, and as such there is no assurance that it will be able to do so in the future. The ability of the Company to meet its commitments and discharge its liabilities as they become due and become profitable is dependent on the completion of the development of its technology and its commercial production, and on its ability to raise additional funding to finance these activities. The conditions mentioned above indicate the existence of a material uncertainty that may cast a significant doubt as to the Company’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in anything other than the ordinary course of operations.

(Unaudited, in Canadian dollars)

2. Basis of preparation

These condensed financial statements have been prepared by management in accordance with IAS 34 *Interim Financial Reporting* and using the same accounting policies and methods of computation as those used in preparing the audited annual consolidated financial statements for the year ended December 31, 2021. The unaudited condensed financial statements should be read in conjunction with the Company's audited annual financial statements and accompanying notes for the year ended December 31, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

The Board of Directors approved and authorized for issue these condensed financial statements on May 30, 2022.

3. Investments

	March 31, 2022	December 31, 2021
Balance, beginning of the year	1,014,919	-
Additions	1,007,978	1,464,838
Dispositions	(540,757)	(464,817)
Change in fair value	23,360	14,898
Balance, end of the period	$ 1,505,500	$ 1,014,919

As at March 31, 2022, the Company holds 51% of its investments in a money market fund, 37% in Canadian equity listed companies and 12% in foreign equity listed companies.

As at December 31, 2021, the Company holds 53% of its investments in a money market fund, 32% in Canadian equity listed companies and 15% in foreign equity listed companies.

4. Intellectual property

	December 31, 2021	Additions	March 31, 2022
	$	$	
Cost			
SOCPRA license (1)	446,112	-	446,112
Development costs (2)	560,853	7,725	568,578
	1,006,965	7,725	1,014,690
Amortization			
SOCPRA license	49,804	5,500	55,304
Carrying amount			
SOCPRA license	396,308		390,808
Development costs	560,853		568,578
	957,161		959,386

(Unaudited, in Canadian dollars)

4. Intellectual property (Continued)

(1) On August 3, 2016, the Company entered into an intellectual assignment agreement ("IP agreement") with Societe de Commercialisation des Produits de la recherché appliquee SOCPRA Sciences et Genie SEC ("SOCPRA") and its investors. Until the expiry of the last patent rights, which is expected in May 2035, the Company will pay to SOCPRA a royalty of 5% calculated on the net sales price of products sold by the Company. The Company may have an option to buy back the royalties in the future at terms and conditions to be agreed upon by both parties.

(2) No amortization was taken on the development costs as these assets are not yet available for use.

5. Share capital

(a) Stock options

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

	March 31, 2022		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance outstanding, beginning of year	10,930,000	0.13	6,650,000	0.07
Granted	500,000	0.23	5,880,000	0.18
Exercised	(150,000)	0.10	(1,600,000)	0.06
Balance outstanding, end of period	11,280,000	0.13	10,930,000	0.13
Balance exercisable, end of period	8,857,000	0.12	7,046,875	0.11

The weighted average remaining contractual life for options outstanding at March 31, 2022 is 2.36 (December 31, 2021 – 2.64) years.

During the three months ended March 31, 2022, the Company recognized share-based compensation expense for an amount of $332,402 (2021 - $174,000).

(Unaudited, in Canadian dollars)

5. Share capital (Continued)

(b) Share purchase warrants

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

	March 31, 2022		December 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance outstanding, beginning of year	28,115,000	0.15	-	-
Granted	-	-	40,000,000	0.15
Exercised	(21,040,000)	0.15	(11,885,000)	0.15
Expired	(7,075,000)	0.15	-	-
Balance outstanding, end of period	-	-	28,115,000	0.15

6. 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.

Transactions with key management

The remuneration for the three-month period of key management (including the amounts above) is as follows:

	Three months ended March 31	
	2022	2021
	$	$
Management fees	155,500	62,201
Share-based payments	262,606	174,000
	418,106	236,201

As at March 31, 2022, an amount of $13,845 is due to key management and is included in accounts payable and accrued liabilities (December 31, 2021 - $72,564).