



PERK LABS INC.

(formerly Glance Technologies Inc.)

Consolidated Financial Statements

For the Years Ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

PERK LABS INC.
(formerly Glance Technologies Inc.)

Consolidated Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Perk Labs Inc. (formerly Glance Technologies Inc.).

Opinion

We have audited the consolidated financial statements of Perk Labs Inc. (formerly Glance Technologies Inc.) (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at November 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$8,078,984 and used cash of \$4,803,889 for operating activities during the year ended November 30, 2019 and, as of that date, had a deficit of \$33,539,428. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Henry Chow.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

March 30, 2020

PERK LABS INC.
(formerly Glance Technologies Inc.)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	November 30 2019	Restated (note 23) November 30 2018
ASSETS		
Current		
Cash	\$ 1,918,626	\$ 5,646,214
Amounts receivable (note 6)	20,839	226,439
Marketable securities (note 7)	1,710,530	-
Prepaid expenses and deposits (note 8)	64,245	1,690,042
Total current assets	3,714,240	7,562,695
Non-current assets		
Property and equipment (note 9)	31,606	316,251
Intangible assets (note 10)	-	162,089
Marketable securities (note 7)	882,785	3,832,236
Investment (note 11)	102,000	595,000
Investment in joint venture (note 12)	1	-
Total non-current assets	1,016,392	4,905,576
Total assets	\$ 4,730,632	\$ 12,468,271
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 21)	\$ 367,730	\$ 503,227
SHAREHOLDERS' EQUITY		
Share capital (note 13)	32,903,790	32,899,790
Shares to be issued	-	15,866
Reserves	4,998,540	4,509,832
Deficit	(33,539,428)	(25,460,444)
Total shareholders' equity	4,362,902	11,965,044
Total liabilities and shareholders' equity	\$ 4,730,632	\$ 12,468,271
Nature of operations and going concern (notes 1 and 2)		
Subsequent events (note 24)		

These consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2020. They are signed on the Company's behalf by:

"Kirk Herrington"

Director

"James Topham"

Director

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

PERK LABS INC.
(formerly Glance Technologies Inc.)

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended November 30 2019	Restated (note 23) Year Ended November 30 2018
Revenue (note 15)	\$ 32,093	\$ 2,044,041
Expenses		
Depreciation and amortization (notes 9 and 10)	410,811	428,954
General and administration (note 16)	5,434,808	9,043,710
Sales and marketing (note 17)	1,107,644	3,702,515
Share-based compensation (notes 14 and 21)	488,708	1,372,170
	7,441,971	14,547,349
Loss from operations	(7,409,878)	(12,503,308)
Other income (expense)		
Foreign exchange gain	1,163	3,440
Gain on modification of license agreements	-	690,000
Gain on sale of property and equipment	1,674	-
Gain on sale of marketable securities (note 7)	1,017,271	-
Impairment of intangible assets (note 10)	(32,111)	(1,419,844)
Impairment of investment (note 11)	(493,000)	-
Interest income	48,217	129,650
Loss on settlement of debt	(29,643)	-
Other income	2,700	2,743
Proportionate loss from associate	-	(608,904)
Proxy contest expenses	-	(1,451,712)
Unrealized gain (loss) on marketable securities (note 7)	(1,185,377)	2,142,236
	(669,106)	(512,391)
Net and comprehensive loss for the year	\$ (8,078,984)	\$ (13,015,699)
Basic and diluted loss per share	\$ (0.06)	\$ (0.10)
Weighted average number of shares outstanding	136,742,618	134,936,037

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

PERK LABS INC.
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Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares to be Issued	Reserves	Restated (note 23) Deficit	Restated (note 23) Total Equity
Balance, November 30, 2018	136,737,783	\$ 32,899,790	\$ 15,866	\$ 4,509,832	\$(25,460,444)	\$ 11,965,044
Shares issued for debt	80,000	4,000	-	-	-	4,000
Cancellation of shares issuable	-	-	(15,866)	-	-	(15,866)
Share-based compensation	-	-	-	488,708	-	488,708
Net loss for the year	-	-	-	-	(8,078,984)	(8,078,984)
Balance, November 30, 2019	136,817,783	\$ 32,903,790	\$ -	\$ 4,998,540	\$(33,539,428)	\$ 4,362,902
Balance, November 30, 2017	127,358,895	\$ 20,273,414	\$ 74,249	\$ 3,717,135	\$(12,444,745)	\$ 11,620,053
Shares issued under prospectus offering	3,684,000	11,052,000	-	-	-	11,052,000
Share issue costs	-	(1,553,577)	-	-	-	(1,553,577)
Shares issued for commission	257,880	773,640	-	-	-	773,640
Stock options exercised	1,893,572	1,099,960	(8,900)	(625,016)	-	466,044
Warrants exercised	3,653,436	1,157,855	(49,483)	(1,557)	-	1,106,815
Warrants issued in over allotment	-	-	-	47,100	-	47,100
Shares held in trust	250,000	500,000	-	-	-	500,000
Shares cancelled	(360,000)	(403,502)	-	-	-	(403,502)
Share-based compensation	-	-	-	1,372,170	-	1,372,170
Net loss for the year	-	-	-	-	(13,015,699)	(13,015,699)
Balance, November 30, 2018	136,737,783	\$ 32,899,790	\$ 15,866	\$ 4,509,832	\$(25,460,444)	\$ 11,965,044

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

PERK LABS INC.
(formerly Glance Technologies Inc.)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended November 30 2019	Restated (note 23) Year Ended November 30 2018
Cash provided by (used for)		
Operating activities		
Net loss for the year	\$ (8,078,984)	\$(13,015,699)
Items not affecting cash		
Depreciation and amortization	410,811	428,954
Gain on modification of license agreements	-	(690,000)
Gain on sale of property and equipment	(1,674)	-
Gain on sale of marketable securities	(1,017,271)	-
Impairment of intangible assets	32,111	1,419,844
Impairment of investment	493,000	-
Loss on settlement of debt	29,643	-
Proportionate loss on investment	-	608,904
Share-based compensation	488,708	1,372,170
Unrealized (gain) loss on marketable securities	1,185,377	(2,142,236)
	(6,458,279)	(12,018,063)
Net change in non-cash working capital	1,654,390	(2,304,152)
	(4,803,889)	(14,322,215)
Investing activities		
Acquisition of intangible assets	-	(1,434,155)
Acquisition of property and equipment	(16,376)	(380,149)
Proceeds from sale of property and equipment	21,862	-
Proceeds from sale of marketable securities	1,070,815	-
	1,076,301	(1,814,304)
Financing activities		
Payment for shares repurchased	-	(403,502)
Proceeds from share issuances	-	11,052,000
Proceeds from stock options exercised	-	464,248
Proceeds from warrants exercised	-	1,108,611
Proceeds from warrants purchased in over allotment	-	47,100
Share issuance costs	-	(779,937)
	-	11,488,520
Net decrease in cash	(3,727,588)	(4,647,999)
Cash, beginning of year	5,646,214	10,294,213
Cash, end of year	\$ 1,918,626	\$ 5,646,214
Supplemental cash flow information (note 19)		

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

PERK LABS INC.
(formerly Glance Technologies Inc.)

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2019 and 2018

1. NATURE OF OPERATIONS

Perk Labs Inc. (formerly Glance Technologies Inc.) (“Perk Labs” or the “Company”) was incorporated under the laws of the Province of British Columbia on October 24, 2014. The Company’s office is located at Suite 1755, 555 Burrard Street, Vancouver, British Columbia, V7X 1M9.

The Company’s common shares trade on the Canadian Securities Exchange (“CSE”) under the symbol PERK (formerly GET) and began trading on September 7, 2016; on the OTCQB under the symbol GLNNF; and on the Frankfurt Stock Exchange under the symbol GJT.

These consolidated financial statements include the accounts of Perk Labs Inc. and its three wholly owned subsidiaries: Perk Hero Software Inc. (formerly Glance Pay Inc.); Glance Pay USA Inc.; and Glance Coin Inc.

The Company’s principal business is to enhance the payment process for both consumers and merchants online and in brick-and-mortar environments using proprietary technology that combines mobile technologies and traditional payment processing using *Glance Pay*. The Company launched its *Glance Pay* application during August 2016 and will subsequently announce the launch of *Perk Hero*.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. The Company incurred a net loss of \$8,078,984 and used cash of \$4,803,889 for operating activities during the year ended November 30, 2019 and, as of that date, had a deficit of \$33,539,428.

The Company is continuing to enhance its mobile payment applications. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to November 30, 2019 is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate and the impact of those adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on March 30, 2020.

PERK LABS INC.
(formerly Glance Technologies Inc.)

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2019 and 2018

3. BASIS OF PREPARATION (continued)

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Presentation and functional currency

The presentation and functional currency of the Company and its subsidiaries is the Canadian Dollar.

d) Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Income and expenses are translated at the exchange rate in the month they are recorded for each statement of consolidated statement of operations and comprehensive loss. Foreign exchange differences are recognized in the consolidated statement of operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

e) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls where it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

f) Reclassifications

Certain of the prior year figures have been reclassified to conform to the current year's presentation.

g) Critical accounting judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

PERK LABS INC.
(formerly Glance Technologies Inc.)

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2019 and 2018

3. BASIS OF PREPARATION (continued)

g) Critical accounting judgments and estimates (continued)

Significant areas requiring the use of estimates include revenue recognition, the collectability of amounts receivable, the useful lives and carrying values of property and equipment and intangible assets, the carrying value of marketable securities and investments, the measurement of share-based compensation, and unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have significant effect on the consolidated financial statements include the factors that are used in determining the fair value of share-based compensation, the discount rates applied on marketable securities held in escrow, and the application of the going concern assumption which requires management to take into account all available information about the future, at least but not limited to twelve months from the year end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash in the consolidated statements of financial position is comprised of cash held at financial institutions and on hand which are readily convertible into a known amount of cash. The Company considers all highly liquid investments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in fair value to be cash equivalents. The Company does not invest in any asset-backed deposits or investments.

b) Amounts receivable

Amounts receivable include accounts receivable which is comprised of amounts due from restaurants and merchants for use of the Company's payment processing mobile application and is recorded net of allowance for doubtful accounts. Factors such as current economic conditions, historical information, and reasons for any accounts being past due are all considered when determining whether to write off accounts receivable.

c) Marketable securities

Marketable securities is comprised of equity instruments of publicly traded companies reported at fair value with any realized and unrealized gains or losses recognized in the consolidated statement of operations.

d) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

PERK LABS INC.
(formerly Glance Technologies Inc.)

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2019 and 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment (continued)

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of operations.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Depreciation commences when the equipment is put into use. Depreciation is recognized in the consolidated statement of operations using the following rates:

Computer equipment	2 years straight-line
Furniture and equipment	3 years straight-line

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

e) Intangible assets

The Company's intangible assets are carried at cost less accumulated amortization and impairment. Intangible assets are capitalized when the costs can be measured reliably and it is probable that the future economic benefits that are attributable to the asset will flow to the Company. Any intangible asset costs that do not meet the definition of capitalization are expensed as incurred. Intangible assets are currently amortized over three years on a straight-line basis being its estimated useful life. Intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable through future discounted net cash flows from the use or disposal of the asset.

f) Impairment

At each financial reporting date, the carrying amounts of the Company's long lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

PERK LABS INC.
(formerly Glance Technologies Inc.)

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2019 and 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment (continued)

An asset's recoverable amount is the higher of fair value less costs to sell, and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations.

g) Investments

Investment in non-listed equity shares where the Company does not have a significant influence are reported at fair value through profit or loss. If the recoverable amount of the investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations.

h) Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The consolidated statement of operations reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Company's share of operating results of an associate is shown on the face of the consolidated statement of operations and represents net income or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within the consolidated statement of operations.

PERK LABS INC.
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Notes to the Consolidated Financial Statements
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Investment in associates (continued)

Upon loss of significant influence over the associate, the group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of operations.

i) Financial instruments

In November 2009, the IASB issued, and subsequently revised, in October 2010, IFRS 9 *Financial Instruments* (IFRS 9) as a first phase in its ongoing project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. This standard was adopted by the Company for the year beginning December 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. Under IFRS 9, the classification of financial assets is based on two criteria: the Company's business objectives for managing the assets; and whether the financial instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI test"). Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date. Financial liabilities are classified in a similar manner as under IAS 39.

(i) Financial assets

The Company initially recognizes financial assets at fair value on the date the Company becomes a party to the contractual provisions of the instrument. The Company recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Under IFRS 9, financial assets are initially measured at fair value. In the case of a financial asset not categorized as fair value through profit or loss ("FVTPL"), transaction costs are capitalized as a component of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of operations.

Subsequent classification and measurement of financial assets depends on the Company's business objective for managing the asset and the cash flow characteristics of the asset:

(a) Amortized cost

Financial assets held for collection of contractual cash flows that meet the SPPI test are measured at amortized cost. Interest income is recognized as other income (expense) in the consolidated financial statements, and gains (losses) are recognized in the consolidated statements of operations when the asset is derecognized or impaired.

PERK LABS INC.
(formerly Glance Technologies Inc.)

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2019 and 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

(i) Financial assets (continued)

(b) Fair value through other comprehensive income (“FVTOCI”)

Financial assets held to achieve a particular business objective other than short-term trading are designated at FVTOCI. IFRS 9 also provides the ability to make an irrevocable election at initial recognition of a financial asset, on an instrument-by-instrument basis, to designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor contingent consideration arising from a business combination to be classified as FVTOCI. There is no recycling of gains or losses through the consolidated statements of operations. Upon derecognition of the asset, accumulated gains or losses are transferred from Other Comprehensive Income (“OCI”) directly to accumulated deficit.

(c) Fair value through profit or loss (“FVTPL”)

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured as FVTPL.

(ii) Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The subsequent measurement of financial liabilities is determined based on their classification as follows:

(a) Fair value through profit or loss (“FVTPL”)

Derivative financial instruments entered into by the Company that do not meet hedge accounting criteria are classified as FVTPL. Gains or losses on these types of financial liabilities are recognized in the consolidated statement of operations.

(b) Amortized cost

All other financial liabilities are classified as amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial instrument, or where appropriate, a shorter period. Gains and losses are recognized in the consolidated statement of operations when the liabilities are derecognized as well as through the amortization process.

PERK LABS INC.
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Notes to the Consolidated Financial Statements
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

(iii) Impairment

Under IFRS 9, the Company is required to apply an expected credit loss (“ECL”) model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the statement of financial position date. For trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions. The Company has assessed the impairment of its amounts receivable using the expected credit loss model and no material difference was noted.

The adoption of IFRS 9 did not result in any material transition adjustments recognized as of December 1, 2018.

The following table summarizes the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company’s financial assets and liabilities:

	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Amounts receivables	Loans and receivables	Amortized cost
Marketable securities	Available for sale	FVTPL
Investments	FVTPL	FVTPL
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

j) Share capital

(i) Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(ii) Equity units

Proceeds received on the issuance of units comprised of common shares and warrants are allocated on the residual value method where proceeds are allocated to the common shares up to their fair value as determined by the current quoted trading price on the issue date, and the balance, if any, to the reserve for the warrants.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Share capital (continued)

(ii) Equity units

Proceeds received on the issuance of units comprised of common shares and warrants are allocated on the residual value method where proceeds are allocated to the common shares up to their fair value as determined by the current quoted trading price on the issue date, and the balance, if any, to the reserve for the warrants.

(iii) Non-monetary consideration

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair value of the shares is used to record the transaction. The fair value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the Board of Directors.

k) Share-based compensation

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (a direct employee) or provides services similar to those performed by a direct employee (a consultant). The fair value is measured at grant date and recognized over the period during which the options vest.

The fair value of the options granted to employees is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of share options granted to non-employees is recognized as an expense in the consolidated statement of operations unless they are related to the issuance of shares and is recorded at the fair value of the services received. The amount related to the issuance of shares is recorded as a reduction of share capital.

When the value of services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioral considerations. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

All share-based compensation is reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Restricted share units

The Company recognizes compensation expense for RSUs awarded based on the grant-date fair value of the common shares. The grant-date fair value, which is determined by multiplying the Company's share price by the number of RSUs granted, is amortized over the vesting period and is included in compensation expense with a corresponding increase in reserves. The amount recognized is adjusted to reflect the number of RSUs expected to eventually vest.

This plan is subject to approval by the shareholders at the Company's next Annual General Meeting.

m) Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Diluted loss per share equates to basic loss per share, as the effects of potentially dilutive common shares would be anti-dilutive. At November 30, 2019, the Company has 9,661,997 (November 30, 2018 – 14,821,937) potentially dilutive shares outstanding.

n) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

o) Revenue recognition

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company adopted this standard for the year beginning December 1, 2018.

The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer;
2. Identifying the performance obligations within the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Revenue recognition (continued)

The adoption of IFRS 15 did not result in any transition adjustments recognized in the year ended November 30, 2019.

Revenue is derived from multiple sources as follows:

- i) Revenue earned on credit card margins on customers using the mobile application in restaurants to pay for their meal. Restaurants are billed monthly for this service and revenue is recognized when the amount of revenue can be measured reliably, the economic benefits associated with the revenue will flow to the Company, the stage of completion of the transactions at the end of the reporting period can be measured reliably, and the costs incurred for the transaction can be measured reliably.
- ii) Revenue earned on offering digital marketing solutions to restaurants. The restaurants are billed monthly and there is a notice provision in place so that revenue is recognized monthly as it is earned.
- iii) Revenue earned on licensing fees to companies for the right to use proprietary technology. The fees are outlined in licensing agreements and are recognized when the services have been performed.
- iv) Revenue earned on development services include system and graphic design services, as well as providing marketing and general business material designs and product knowledge. The fees are outlined in an agreement and are recognized when the services have been performed.

p) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in the consolidated statement of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end, adjusted for amendments to the tax payable with regards to previous years.

Deferred tax is provided using the liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Income taxes (continued)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

q) Contingencies

The Company recognizes loss contingency provisions for probable losses when management is able to reasonably estimate the loss. When the estimated loss lies within a range, the Company records a loss contingency provision based on its best estimate of the probable loss. If no particular amount within that range is a better estimate than any other amount, the mid-point of the range is used. As information becomes known, a loss contingency provision is recorded when a reasonable estimate can be made. The estimates are reviewed at each reporting date and the estimates are changed when expectations are revised. An outcome that deviates from the Company's estimate may result in an additional expense or release in a future reporting period.

5. NEW ACCOUNTING STANDARDS NOT YET ADOPTED

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16") and brings most leases onto the statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease or an entity's incremental borrowing rate if the implicit rate cannot be readily determined. Lessees are permitted to make an election for leases with a term of 12 months or less, or where the underlying asset is of low value, and not recognize lease assets and lease liabilities. The expense associated with these leases can be recognized on a straight-line basis over the lease term or on another systematic basis.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company implemented IFRS 16 for the year beginning December 1, 2019 using the election for short-term leases for their existing office premises lease which had a nine-month term at inception. As such, there was no impact on the consolidated statement of financial position at the date of initial application. This new standard will subsequently impact the consolidated statement of financial position by adding a lease liability and a right-of-use asset for its office premises.

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6. AMOUNTS RECEIVABLE

	November 30 2019	November 30 2018
Accounts receivable - customers	\$ 2,306	\$ 65,116
Goods and services tax receivable	18,117	64,643
Other receivables	416	96,680
	\$ 20,839	\$ 226,439

7. MARKETABLE SECURITIES

	November 30 2019	November 30 2018	November 30 2019	November 30 2018	November 30 2019	November 30 2018
	Number		Cost		Fair Value	
Current						
Loop Insights Inc.	783,325	-	\$ 195,831	\$ -	\$ 148,832	\$ -
Yield Growth Corp. (shares)	2,700,000	-	-	-	688,500	-
Yield Growth Corp. (warrants)	5,460,000	-	-	-	873,198	-
			195,831	-	1,710,530	-
Non-current						
Loop Insights Inc.	-	1,000,000	-	250,000	-	250,000
Yield Growth Corp. (shares)	4,050,000	9,000,000	-	-	882,785	2,142,236
Yield Growth Corp. (warrants)	-	6,000,000	-	-	-	1,440,000
			-	250,000	882,785	3,832,236
			\$ 195,831	\$ 250,000	\$ 2,593,315	\$ 3,832,236

Loop Insights Inc.

On January 4, 2018, Yield Growth Corp, (“Yield”), then a private company that was partially owned but not controlled by the Company, signed a definitive agreement for licensing and product pre-sales with Loop Insights Inc. (“Loop”) (formerly “Big Cannabis Data”). Under the terms of the agreement, Yield sublicensed the *Glance Pay* mobile payment platform technology to Loop for \$2,000,000 for a one year license, payable in stock at a fair value of \$0.25 per share for 8,000,000 common shares, of which 4,000,000 common shares was paid to the Company as a sublicense royalty, and the sublicense was renewable for \$10,000 per year. On February 6, 2018, the 4,000,000 Loop common shares were transferred by Yield to the Company. Loop was a private company incorporated under the laws of the Province of British Columbia on January 2, 2018. Loop is a Vancouver-based technology company that has developed a unique proprietary platform that combines the power of IoT and AI to level the playing field between brick and mortar retailers and their online competition. On June 12, 2019, Loop announced that it completed a reverse takeover with AlkaLi3 Resources Inc. and listed as a Tier 2 Technology Issuer on the TSX Venture Exchange.

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7. MARKETABLE SECURITIES (continued)

Loop Insights Inc. (continued)

During the year ended November 30, 2018, the Company recognized revenue of \$1,000,000 from Loop in connection with a royalty fee for sublicensing the mobile payment platform from Yield. In November 2018, a modified agreement was put in place to cancel the Yield sublicense and the Company entered into a more limited scope license agreement to work directly with Loop and leverage each other's technology. There has been no impact to revenue as the licensed patents were already provided under the original agreement. There are no remaining obligations under the contract prior to modification and there are no new performance obligations under the modified contract. The Company received 1,000,000 common shares of Loop at a fair value of \$0.25 per share of Loop in connection with the license agreement in place of the 4,000,000 common shares it previously owned.

During the year ended November 30, 2019, the Company sold 216,675 shares of Loop for net proceeds of \$84,272 with a cost of \$54,169 resulting in a realized gain of \$30,103.

Yield Growth Corp.

On May 29, 2017 (and as amended and restated on May 31, 2017), the Company's subsidiary Perk Hero Software Inc. (formerly Glance Pay Inc.) entered into a licensing agreement with Yield Growth Corp. ("Yield"), a company incorporated in the Province of British Columbia. Pursuant to the licensing agreement, the Company granted Yield a worldwide, non-exclusive license to use its intellectual property in the marijuana financial technology industry.

The license had an initial term of one year and with automatic renewals for up to 50 additional one year terms upon Yield's payment of the annual renewal fee of \$10,000. As consideration for the license, Yield agreed to pay the Company a fee of \$912,500 for the initial term of one year, which was paid as follows:

- \$100,000 on May 31, 2017;
- \$200,000 on June 20, 2017; and
- \$612,500 from the issuance of 2,450,000 common shares of Yield on November 28, 2017.

Pursuant to the terms of the licensing agreement, on May 31, 2017 and June 20, 2017, the Company acquired 8,000,000 common shares of Yield for proceeds of \$400,000. This was in addition to 2,450,000 shares at a fair value of \$0.25 per share for services. The cost amount was subsequently written down to \$Nil when proportional losses were attributed from Yield to the Company. On June 4, 2018, Yield split their common shares on the basis of two for one, increasing the Company's holdings in Yield to 20,900,000 common shares.

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7. MARKETABLE SECURITIES (continued)

Yield Growth Corp. (continued)

As part of an agreement modification in November 2018, the Company returned 11,900,000 Yield common shares in exchange for the issuance of 6,000,000 warrants to purchase Yield shares with a five-year term at a price of \$0.50 per share. As a result of the modification, the Company amended its accounting of its investment in Yield from the equity method to FVTPL as the Company no longer had significant influence of Yield as its common share holdings were less than 20%, had no representation on the Board of Directors of Yield, and had no participation or significant influence in the operations of Yield. As part of the modified agreement, the Company agreed not to sell more than 20,000 of its Yield shares in a single day when Yield became listed on a Canadian stock exchange, which occurred on December 14, 2018.

During the year ended November 30, 2019, the Company exercised 540,000 warrants for \$240,000 and sold 2,250,000 shares of Yield for proceeds of \$1,257,168 resulting in a realized gain of \$987,168.

At November 30, 2019, the fair value of the 5,460,000 (November 30, 2018 – 6,000,000) Yield warrants was \$1,151,908 (November 30, 2018 - \$1,440,000) calculated using the Black-Scholes option pricing model assuming no expected dividends, an expected life remaining of 3.85 years, volatility of 110%, and a risk-free rate of 1.51%.

The Company's 6,750,000 Yield common shares will be released from escrow on the following dates: (i) December 15, 2019 – 1,350,000 shares; (ii) June 15, 2020 – 1,350,000 shares; (iii) December 15, 2020 – 1,350,000; (iv) June 15, 2021 – 1,350,000 shares; and (v) December 15, 2021 – 1,350,000 shares. As at November 30, 2019, the Company recorded a discount of \$149,965 (November 30, 2018 – \$287,764) to the carrying value of Yield common shares held in long-term escrow with a corresponding entry to unrealized loss.

8. PREPAID EXPENSES AND DEPOSITS

	November 30	November 30
	2019	2018
Fobisuite agreement	\$ -	\$ 1,500,000
Security deposit on premises	26,529	107,491
Other prepaid expenses	37,716	82,551
	\$ 64,245	\$ 1,690,042

During the year ended November 30, 2019, the Company amended its agreement and transaction with Fobisuite Technologies Inc. and expensed \$1,500,000 (November 30, 2018 - \$Nil) to licenses (note 16).

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9. PROPERTY AND EQUIPMENT

	November 30 2017	Additions	November 30 2018	Dispositions	November 30 2019
Cost					
Computer equipment	\$ 210,083	\$ 152,263	\$ 362,346	\$ (188,752)	\$ 173,594
Furniture and fixtures	18,663	7,412	26,075	(5,288)	20,787
Leasehold improvements	-	220,474	220,474	-	220,474
	\$ 228,746	\$ 380,149	\$ 608,895	\$ (194,040)	\$ 414,855
Accumulated Depreciation/Amortization					
	November 30 2017	Depreciation/ Amortization	November 30 2018	Depreciation/ Amortization	November 30 2019
Computer equipment	\$ 57,567	\$ 150,587	\$ 208,154	\$ (59,137)	\$ 149,017
Furniture and fixtures	1,090	7,523	8,613	5,145	13,758
Leasehold improvements	-	75,877	75,877	144,597	220,474
	\$ 58,657	\$ 233,987	\$ 292,644	\$ 90,605	\$ 383,249
Carrying Amounts	\$ 170,089		\$ 316,251		\$ 31,606

10. INTANGIBLE ASSETS

	Computer Software	Payment Processing Patents	Intellectual Property	Patent and Domain Names	Total
Cost					
Balance November 30, 2017	\$ 493,244	\$ 26,667	\$ -	\$ 17,800	\$ 537,711
Additions	-	-	1,419,844	14,311	1,434,155
Balance November 30, 2018 and 2019	493,244	26,667	1,419,844	32,111	1,971,866

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10. INTANGIBLE ASSETS (continued)

	Computer Software	Payment Processing Patents	Intellectual Property	Patent and Domain Names	Total
Accumulated Amortization					
Balance November 30, 2017	\$ 184,966	\$ 10,000	\$ -	\$ -	\$ 194,966
Amortization	184,967	10,000	-	-	194,967
Impairment	-	-	1,419,844	-	1,419,844
Balance November 30, 2018	369,933	20,000	1,419,844	-	1,809,777
Amortization	123,311	6,667	-	-	129,978
Impairment	-	-	-	32,111	32,111
Balance, November 30, 2019	\$ 493,244	\$ 26,667	\$ 1,419,844	\$ 32,111	\$ 1,971,866
Carrying Amounts	\$ -	\$ -	\$ -	\$ -	\$ -

11. INVESTMENT

	November 30 2019	November 30 2018	November 30 2019	November 30 2018	November 30 2019	November 30 2018
	Number		Cost		Fair Value	
Euro Asia Pay Holdings Inc.	8,500,000	8,500,000	\$ 595,000	\$ 595,000	\$ 102,000	\$ 595,000

In October 2017, the Company received \$250,000 upon signing an agreement with Euro Asia Pay Holdings Inc. ("EAP"). In November 2017, EAP issued 8,500,000 common shares at a fair market value of \$595,000, pursuant to its obligation to pay for an element of licensing, design of the application, and marketing. EAP is a private company incorporated under the laws of the Province of British Columbia on October 16, 2017. EAP combines traditional financial service with innovative technology to provide enhanced digital financial services to operate business in the tourism and education industry. During the year ended November 30, 2019, the Company recorded an impairment loss of \$493,000 (November 30, 2018 - \$Nil).

12. JOINT VENTURE AGREEMENT – CONVERGE MOBISOLUTIONS INC.

The Company previously announced an agreement with Fobisuite which included the grant of a license from the Company and Fobisuite to a newly created company, Fobi Pay Technologies Inc. ("Fobi Pay"). The terms of the agreement were amended to substitute a new entity, Converge MobiSolutions Inc. ("Converge"), for Fobi Pay. As part of the amended agreement, the Company has entered into a license and distribution agreement with Converge pursuant to which Converge has the right to sell its technology. Converge has also entered into a separate license and distribution agreement pursuant to which it has the right to sell certain other technology that has been licensed to Kinect Technology Inc. ("Kinect").

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12. JOINT VENTURE AGREEMENT – CONVERGE MOBISOLUTIONS INC. (continued)

Converge will be focused on marketing and selling technology to certain types of merchants such as casinos, hotels, restaurants, and nightclubs and will target certain geographies including Las Vegas. The Company owns 20,000,000 shares or 49% of the common shares of Converge and Kinect owns 20,500,000 shares for the remaining 51% of Converge. Each company has elected one board member. The investment will be recorded under the equity method. During the year ended November 30, 2019, the shares were acquired for a nominal cash value.

No transactions took place during the year ended November 30, 2019.

13. SHARE CAPITAL

a) Common shares

Authorized:

Unlimited number of common shares without par value.

Issued:

	Issued Number	Amount
Balance, November 30, 2017	127,358,895	\$ 20,273,414
Shares issued under prospectus offering	3,684,000	11,052,000
Share issue costs	-	(1,553,577)
Commission	257,880	773,640
Stock options exercised	1,893,572	1,099,960
Warrants exercised	3,653,436	1,157,855
Shares held in trust	250,000	500,000
Shares cancelled	(360,000)	(403,502)
Balance, November 30, 2018	136,737,783	32,899,790
Shares issued for debt	80,000	4,000
Balance, November 30, 2019	136,817,783	\$ 32,903,790

On December 27, 2017, the Company completed a bought deal public offering (the "Offering") of 3,684,000 units (the "Units") at a price of \$3.00 per unit (the "Offering Price") for gross proceeds of \$11,052,000. Each unit consisted of one common share of the Company and one unit purchase warrant (each, a "Unit Warrant"). Each Unit Warrant is exercisable into one unit (each, a "Subsequent Unit") at an exercise price of \$3.84 per Subsequent Unit for a period of one year following the closing of the Offering. Each Subsequent Unit consists of one common share of the Company (each, a "Subsequent Unit Share") and one share purchase warrant (each, a "Share Warrant") exercisable at an exercise price of \$5.00 per common share for a period of two years following the closing of the Offering.

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13. SHARE CAPITAL (continued)

a) Common shares (continued)

Pursuant to the Underwriting Agreement among the Company, Echelon Wealth Partners Inc. and PI Financial Corp. (together, the "Underwriters"), the Underwriters were granted an over-allotment option of 552,600 units at the offering price or the Common Share and/or Common Share purchase warrant portion of the over-allotment, at a price to be determined by the parties. The option was exercisable for a period of thirty days from the closing of the Offering. On October 27, 2017, the Underwriters exercised the over-allotment for 471,000 warrants at price of \$0.10 per warrant. The warrants are exercisable at \$3.84 per share exercisable until December 27, 2018. In consideration for the services provided by the Underwriters and pursuant to the Underwriting Agreement, the Underwriters received a commission of \$773,640 equal to 7% of the gross proceeds raised and 257,880 Units equal to 7% of the total number of Units sold under the Offering, at a fair market value of \$773,640.

On February 5, 2018, the Company commenced a normal course issuer bid ("Bid") through the facilities of the Canadian Securities Exchange. Under the Bid, the Company can purchase up to 6,500,000 common shares of the Company. The Bid will not extend beyond one year. Any purchases will be made at the prevailing market prices of the shares at the time of purchase. All shares purchased will be cancelled. The Company had purchased 360,000 common shares at a cost of \$403,502. The 360,000 common shares were returned to treasury.

During the year ended November 30, 2018, the Company incurred consulting and marketing fees of \$15,866 which was recorded as shares to be issued. During the year ended November 30, 2019, the issuance of these shares was cancelled pursuant to a settlement agreement with the parties.

During the year ended November 30, 2018, the Company received net proceeds of \$1,572,859 for the exercise of 3,653,436 warrants and 1,893,572 options, which also resulted in the transfer of \$626,573 from reserves to share capital.

During the year ended November 30, 2018, the Company entered into an agreement with Fobisuite (note 8) and part of the consideration was the issuance of 250,000 common shares with a fair value of \$500,000.

On November 8, 2019, 80,000 common shares were issued at \$0.05 per share for settlement of an amount payable.

b) Escrow shares

At November 30, 2019, there were 10,593,767 (November 30, 2018 - 24,282,440) common shares held in escrow. Half of the amount in escrow will be released March 7, 2020 and the balance will be released on September 7, 2020.

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13. SHARE CAPITAL (continued)

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2017	14,860,086	\$ 0.61
Warrants issued from equity financings	4,431,792	\$ 3.83
Warrants issued from exercise of outstanding unit warrants	790,682	\$ 0.47
Exercised	(3,653,436)	\$ 0.32
Expired	(10,147,437)	\$ 0.75
Balance, November 30, 2018	6,281,687	\$ 2.81
Expired	(6,274,190)	\$ (2.81)
Balance, November 30, 2019	7,497	\$ 0.33

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price
December 30, 2019	0.08	7,497	\$ 0.33

e) Restricted share units

The Company has established a long-term incentive plan for executives and certain employees. Under the terms of this plan, participants are eligible to receive common shares without any monetary consideration payable to the Company. Each award is considered a separate award with its own vesting period and grant date fair value. Each RSU is convertible into one common share. All RSUs will vest three years after the date of grant.

		Number of Units
Balance, November 30, 2017 and 2018		-
Granted		1,126,000
Balance, November 30, 2019		1,126,000

Date of Grant	Expiry Date	Remaining Life (Years)	RSUs Vested	RSUs Outstanding
November 29, 2019	November 29, 2022	3.00	-	1,126,000

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14. SHARE-BASED COMPENSATION

The Company is authorized to grant options to directors, officers, employees, and consultants to acquire common shares under the 2016 Incentive Stock Option Plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's common shares issuable pursuant to options granted under the Plan may not exceed 10% of the issued common shares of the Company from time to time. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less \$0.10. Stock options granted under the Plan vest immediately subject to vesting terms which may be imposed at the discretion of the Directors. Stock options granted under the Plan are to be settled with the issuance of equity instruments.

The following summarizes the stock options outstanding:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2017	5,975,322	\$ 0.64
Granted	8,170,500	\$ 0.78
Exercised	(1,893,572)	\$ 0.25
Cancelled	(3,712,000)	\$ 1.15
Balance, November 30, 2018	8,540,250	\$ 0.85
Granted	5,350,000	\$ 0.16
Cancelled	(5,011,750)	\$ 0.79
Balance, November 30, 2019	8,878,500	\$ 0.23

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14. SHARE-BASED COMPENSATION (continued)

Date of Grant	Expiry Date	Remaining Life (Years)	Number of Options Vested	Number of Options Outstanding	Exercise Price
September 17, 2019	September 17, 2024	4.80	-	100,000	\$ 0.10
October 1, 2019	October 1, 2024	4.84	-	150,000	\$ 0.10
October 28, 2019	October 28, 2024	4.91	-	350,000	\$ 0.10
June 25, 2019,	June 25, 2024	4.57	300,000	450,000	\$ 0.11
May 8, 2019	May 8, 2024	4.44	25,000	200,000	\$ 0.14
May 3, 2019	May 3, 2021	1.42	50,000	100,000	\$ 0.15
May 12, 2016	May 12, 2021	1.45	75,000	75,000	\$ 0.15
June 15, 2016	June 15, 2021	1.54	50,000	50,000	\$ 0.15
September 6, 2016	September 6, 2021	1.77	50,000	50,000	\$ 0.15
May 3, 2019	May 3, 2024	3.42	600,000	1,250,000	\$ 0.15
May 22, 2019	May 22, 2024	4.48	-	100,000	\$ 0.15
April 23, 2019	April 23, 2024	4.40	2,896,000	4,873,500	\$ 0.16
December 17, 2018	December 17, 2023	4.05	25,000	100,000	\$ 0.18
September 15, 2017	September 15, 2022	2.79	30,000	30,000	\$ 0.30
September 1, 2018	September 1, 2023	3.77	75,000	75,000	\$ 0.39
June 28, 2018	June 28, 2023	3.58	25,000	75,000	\$ 0.50
January 22, 2018	January 22, 2023	3.15	500,000	500,000	\$ 1.46
		4.11	4,701,000	8,528,500	\$ 0.23

During the year ended November 30, 2019, 3,946,500 (November 30, 2018 – 1,544,500) were cancelled and re-issued under the same vesting terms and conditions to employees, directors and officers at a price of \$0.155 (November 30, 2018 - \$0.34) and was treated as a modification of stock options in accordance with IFRS 2 resulting in an increase in incremental value of share-based compensation of \$62,246 (November 30, 2018 - \$132,638).

During the year ended November 30, 2018, the Company granted 8,170,500 stock options to employees and consultants of the Company, with exercise prices ranging from \$0.30 to \$2.68 per common share. These options have a term of five years and vested over one to five-year periods. In accordance with the Company's Incentive Stock Option Plan, vested options will terminate ninety days after an optionee ceases to work for the Company.

On December 17, 2018, the Company granted 100,000 options to a consultant to acquire 100,000 common shares of the Company with an expiry date of December 17, 2023 at \$0.18 per share. The options vest over two years with 25% six months from the date of grant and 25% every six months thereafter. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$3,224 or \$0.02 per option, assuming an expected life of two years, a risk-free interest rate of 1.59%, an expected dividend rate of 0.00%, stock price of \$0.55, and an expected annual volatility coefficient of 135%. Volatility was determined using historical stock prices.

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14. SHARE-BASED COMPENSATION (continued)

On April 23, 2019, the Company granted 6,146,500 options to a directors, certain employees and consultants to acquire 6,146,500 common shares of the Company with an expiry date of April 23, 2024 at \$0.155 per share. The options vest over two years with 25% six months from the date of grant and 25% every six months thereafter. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$163,180 or \$0.03 per option, assuming an expected life of two years, a risk-free interest rate of 1.59%, an expected dividend rate of 0.00%, stock price of \$0.155, and an expected annual volatility coefficient of 197%. Volatility was determined using historical stock prices, At November 30, 2019, 1,273,000 options were cancelled.

On May 3, 2019, the Company granted 100,000 options to a consultant to acquire 100,000 common shares of the Company with an expiry date of May 3, 2021 at \$0.15 per share. The options vest over two years with 25% three months from the date of grant and 25% every three months thereafter. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$1,985 or \$0.03 per option, assuming an expected life of two years, a risk-free interest rate of 1.59%, an expected dividend rate of 0.00%, stock price of \$0.055, and an expected annual volatility coefficient of 135%. Volatility was determined using historical stock prices,

On May 3, 2019, the Company granted 1,250,000 options to a consultant to acquire 1,250,000 common shares of the Company with an expiry date of May 3, 2024 at \$0.15 per share. The options vest based on achieving certain milestones. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$56,880 or \$0.03 per option, assuming an expected life of two years, a risk-free interest rate of 1.59%, an expected dividend rate of 0.00%, stock price of \$0.055, and an expected annual volatility coefficient of 135%. Volatility was determined using historical stock prices.

On May 8, 2019, the Company granted 200,000 options to a consultant to acquire 200,000 common shares of the Company with an expiry date of May 8, 2024 at \$0.14 per share. The options vest based on achieving certain milestones. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$3,355 or \$0.03 per option, assuming an expected life of two years, a risk-free interest rate of 1.59%, an expected dividend rate of 0.00%, stock price of \$0.055, and an expected annual volatility coefficient of 135%. Volatility was determined using historical stock prices.

On May 22, 2019, the Company granted 100,000 options to a consultant to acquire 100,000 common shares of the Company with an expiry date of May 22, 2024 at \$0.15 per share. The options vest based on achieving certain milestones. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$899 or \$0.03 per option, assuming an expected life of two years, a risk-free interest rate of 1.59%, an expected dividend rate of 0.00%, stock price of \$0.055, and an expected annual volatility coefficient of 135%. Volatility was determined using historical stock prices.

On June 25, 2019, the Company granted 800,000 options to an employee, and two officers to acquire 800,000 common shares of the Company with an expiry date of June 25, 2024 at \$0.11 per share. The options vest: for the employee, over two years with 25% six months from the date of grant and 25% of six months thereafter; for one officer, over two years with 12.5% three months from the date of grant and then 12.5% very three months thereafter; and for the other officer, 250,000 on the grant date and then 100,000 on achievement of a specific milestone. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$24,809 or \$0.07 per option, assuming an expected life of two years, a risk-free interest rate of 1.45%, an expected dividend rate of 0.00%, stock price of \$0.11, and an expected annual volatility coefficient of 196%. Volatility was determined using historical stock prices. At November 30, 2019, 350,000 options were cancelled.

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14. SHARE-BASED COMPENSATION (continued)

On September 17, 2019, the Company granted 100,000 options to employees to acquire 100,000 common shares of the Company with an expiry date of September 17, 2024 at \$0.10 per share. The options vest over two years with 25% six months from the date of grant and then 25% every six months thereafter. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$828 or \$0.04 per option, assuming an expected life of five years, a risk-free interest rate of 1.47%, an expected dividend rate of 0.00%, stock price of \$0.05, and an expected annual volatility coefficient of 125%. Volatility was determined using historical stock prices.

On October 1, 2019, the Company granted 150,000 options to an officer to acquire 150,000 common shares of the Company with an expiry date of October 1, 2024 at \$0.10 per share. The options vest over five years with 12.5% three months from the date of grant and then 12.5% every three months thereafter. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$778 or \$0.03 per option, assuming an expected life of five years, a risk-free interest rate of 1.37%, an expected dividend rate of 0.00%, stock price of \$0.04, and an expected annual volatility coefficient of 125%. Volatility was determined using historical stock prices.

On October 28, 2019, the Company granted 350,000 options to an officer to acquire 350,000 common shares of the Company with an expiry date of October 28, 2024 at \$0.10 per share. The options vest over five years based on achieving certain milestones. The options have a total fair value, calculated using the Black-Scholes option pricing model of \$4,030 or \$0.05 per option, assuming an expected life of five years, a risk-free interest rate of 1.64%, an expected dividend rate of 0.00%, stock price of \$0.065, and an expected annual volatility coefficient of 130%. Volatility was determined using historical stock prices.

For the year ended November 30, 2019, the weighted-average fair value of options granted was \$0.09 (November 30, 2018 - \$0.88) and the weighted-average share price for stock option exercised was \$Nil (November 30, 2018 - \$0.73).

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model, no expected dividends, and the following weighted-average assumptions:

	November 30 2019	November 30 2018
Expected volatility	137%	129%
Risk-free rate	1.60%	1.90%
Expected option life (years)	2.19	2.00
Expected forfeiture rate	5%	5%

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15. REVENUE

Following is a breakdown of revenue:

	November 30	November 30
	2019	2018
Application, development, and service fees	\$ 32,093	\$ 294,607
License fee	-	650,434
Marketing and promotion	-	99,000
Royalty fee	-	1,000,000
	\$ 32,093	\$ 2,044,041

16. GENERAL AND ADMINISTRATION EXPENSES

Following is a breakdown of general and administration expenses:

	November 30	November 30
	2019	2018
Bad debt expense	\$ 6,949	\$ -
Bank charges and interest	48,517	58,417
Consulting fees	334,329	448,905
Director fees (note 21)	280,000	186,667
Dues, licences, and subscriptions (note 8)	1,517,193	-
Information technology	1,245,719	685,840
Insurance	10,788	12,380
Investor relations	162,412	3,050,767
Legal, accounting, and auditing	224,212	652,851
Rent	481,778	509,472
Supplies and sundry	77,563	508,574
Telephone	107,699	-
Transfer agent and filing fees	105,761	95,367
Travel	11,205	54,048
Wages and benefits (note 21)	820,683	2,780,422
	\$ 5,434,808	\$ 9,043,710

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17. SALES AND MARKETING EXPENSES

	November 30	November 30
	2019	2018
Consulting fees	\$ 7,210	\$ 1,107,102
Information technology	50,872	-
Promotions and events	371,907	480,103
Salaries and benefits	640,955	959,884
Sales and marketing	-	1,040,571
Travel	36,700	114,855
	\$ 1,107,644	\$ 3,702,515

18. SEGMENTED INFORMATION

The Company has one operating segment with assets located in Canada and the USA. The USA operating segment does not exceed 10% of reported revenue or 10% of the combined assets of the Company. The geographic segments have been aggregated into a single operating segment based on similar economic characteristics.

19. SUPPLEMENTAL CASH FLOW INFORMATION

	November 30	November 30
	2019	2018
Non-cash investing and financing activities		
Common shares issued for commissions	\$ -	\$ 773,640
Common shares issued for debt	\$ 4,000	\$ -
Equity instruments received as payment for deferred revenue	\$ -	\$ 800,000
Impairment of investments held for deferred revenue	\$ -	\$ 900,000
Supplementary disclosures		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Interest received	\$ 47,799	\$ 129,650

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20. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	November 30 2019	November 30 2018
Loss before income taxes	\$ (8,078,984)	\$ (13,015,699)
Statutory Canadian corporate tax rate	27.00%	26.92%
Income tax recovery at statutory rates	\$ (2,181,326)	\$ (3,503,826)
Permanent differences and other	110,360	(95,466)
Change in tax rates and true up	(527,021)	3,679
Changes in substantive tax rates of foreign jurisdiction	917	10,823
Change in unrecognized deferred income tax assets	2,597,070	3,584,790
	\$ -	\$ -

The significant components of the Company's deferred income tax assets are as follows:

	November 30 2019	November 30 2018
Deferred income tax assets		
Non-capital losses carried forward	\$ 7,491,535	\$ 5,210,955
Capital assets	703,049	558,913
Investments	37,777	(295,379)
Share issuance costs	388,805	549,607
	8,621,166	6,024,096
Tax benefits not recognized	(8,621,166)	(6,024,096)
	\$ -	\$ -

At November 30, 2019, the Company has non-capital tax losses of approximately \$27,821,000 available for carry-forward to reduce future years' income taxes, expiring as follows:

Expiry Date	Amount
2034	\$ 53,000
2035	275,000
2036	1,750,000
2037	6,110,000
2038	13,550,000
2039	6,083,000
	\$ 27,821,000

Future tax benefits, which may arise as a result of applying these deductions to taxable income, have not been recognized in these accounts.

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21. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management personnel is as follows:

	November 30	November 30
	2019	2018
Director fees	\$ 280,000	\$ 140,000
Remuneration and fees	842,113	824,645
Share-based compensation	307,307	453,408
	\$ 1,429,420	\$ 1,418,053

At November 30, 2019, the Company owed \$91,469 (November 30, 2018 - \$86,327) to officers and directors which is included in accounts payable and accrued liabilities.

Amounts due to or from related parties are unsecured, do not bear interest, and are classified as a current asset or liability due to their nature and expected time of repayment.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Under IFRS 13, Fair Value Measurement establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 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 for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

Marketable securities and investments are carried at fair value, calculated in accordance with Level 1 for marketable securities and Level 2 for financial instruments where the Black-Scholes Pricing Model has been used to determine fair value.

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22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (continued)

The Company's cash, amounts receivable, and accounts payable and accrued liabilities, all approximate their fair values due the short-term nature of the financial instrument, or the market rates of interest attached thereto.

b) Market risk

Market risk is the risk of loss that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. The Company faces market risk from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest rate risk

Interest rate risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to fair value interest rate risk.

Current financial assets and financial liabilities are generally not exposed to significant cash flow interest rate risk because of their short-term nature, fixed interest rates, and maturity. The Company is not exposed to cash flow interest rate risk on cash balances as the rate of interest is currently very low.

The Company may be exposed to fair value interest rate risk if the prevailing market rates increase or decrease compared to the interest rates associated with its financial assets. Management does not believe this risk is significant.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in a foreign currency.

At November 30, 2019, the Company is exposed to foreign currency risk with respect to its US denominated bank account. A 10% change in foreign exchange rates is not expected to have a material impact on the consolidated financial statements.

At November 30, 2019, financial instruments were converted at a rate of \$1 US dollar to \$1.3289 Canadian.

The Company has not entered into any foreign currency contracts to mitigate foreign currency risk.

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22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk (continued)

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. For amounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counter parties. At November 30, 2019, all amounts receivable are current.

The Company's financial assets are not subject to material credit risk as it does not anticipate significant loss for non-performance.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, or the proposed transaction. The Company manages liquidity risk by maintaining adequate cash balances when possible.

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash on hand at November 30, 2019 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational and expansion needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

(v) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves, and deficit. The availability of new capital will depend on many factors including positive stock market conditions, the Company's track record, and the experience of management. The Company is not subject to any external covenants on its capital and there was no material change from the prior year.

(vi) Price risk

Price risk is the risk that the fair value of investments will decline below the cost of the underlying investments. The Company's marketable securities is exposed to price risk.

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23. RESTATEMENT

The Company has amended its consolidated financial statements as at and for the year ended November 30, 2018 to reflect the recognition of license revenue, adjustment to the carrying value of marketable securities that are held in escrow, and record an accrual of directors' fees. The effects of the restatement resulted in a decrease in net loss of \$14,546, with a corresponding decrease in net assets of \$287,764 and decrease in net liabilities of \$302,310. Although the restatement had no impact to the consolidated statement of cash flows for the year ended November 30, 2018, and had an immaterial impact on the working capital as at November 30, 2018 and to the net loss for the year ended November 30, 2018, management has retroactively restated the November 30, 2018 financial information to ensure better transparency of its financial information for comparative purposes. The restatement had the following effects on the Company's consolidated financial statements:

Consolidated Statement of Financial Position

	As at November 30, 2018		
	As Reported	Adjustment	Restated
Investments	\$ 4,715,000	\$ (287,764)	\$ 4,427,236
Total non-current assets	\$ 5,193,340	\$ (287,764)	\$ 4,905,576
Total assets	\$ 12,756,035	\$ (287,764)	\$ 12,468,271
Accounts payable and accrued liabilities	\$ 456,561	\$ 46,666	\$ 503,227
Deferred revenue, current portion	\$ 144,404	\$ (144,404)	\$ -
Total current liabilities	\$ 600,965	\$ (97,738)	\$ 503,227
Deferred revenue, non-current portion	\$ 204,572	\$ (204,572)	\$ -
Total liabilities	\$ 805,537	\$ (302,310)	\$ 503,227
Deficit	\$(25,474,990)	\$ 14,546	\$(25,460,444)
Total shareholders' equity	\$ 11,950,498	\$ 14,546	\$ 11,965,044
Total liabilities and shareholders' equity	\$ 12,756,035	\$ (287,764)	\$ 12,468,271

Consolidated Statement of Operations and Comprehensive Loss

	Year Ended November 30, 2018		
	Previously Reported	Adjustment	Restated
Revenue	\$ 1,695,065	\$ 348,976	\$ 2,044,041
General and administrative costs	\$ 8,997,044	\$ 46,666	\$ 9,043,710
Operating expenses	\$ 14,500,683	\$ 46,666	\$ 14,547,349
Loss from operations	\$(12,805,618)	\$ 302,310	\$(12,503,308)
Unrealized gain on investment	\$ 2,430,000	\$ (287,764)	\$ 2,142,236
Total other income (expense)	\$ (224,627)	\$ (287,764)	\$ (512,391)
Net and comprehensive loss for the year	\$(13,030,245)	\$ 14,546	\$(13,015,699)

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23. RESTATEMENT (continued)

Consolidated Statement of Changes in Equity

	As at November 30, 2018		
	Previously Reported	Adjustment	Restated
Net loss for the year	\$(13,030,245)	\$ 14,546	\$(13,015,699)
Balance, November 30, 2019	\$ 11,950,498	\$ 14,546	\$ 11,965,044

Consolidated Statement of Cash Flows

	Year Ended November 30, 2018		
	Previously Reported	Adjustment	Restated
Net loss for the year	\$(13,030,245)	\$ 14,546	\$(13,015,699)
Unrealized gain on investment	\$ (2,430,000)	\$ 287,764	\$ (2,142,236)
Accounts payable and accrued liabilities	\$ 48,007	\$ 46,666	\$ 94,673
Deferred revenue	\$ (1,496,024)	\$ (348,976)	\$ (1,845,000)
Net cash used in operating activities	\$(14,322,215)	\$ -	\$(14,322,215)

24. SUBSEQUENT EVENTS

On December 3, 2019, the Company issued 88,889 common shares at \$0.045 as settlement for an amount payable.

On December 4, 2019, the Company cancelled 62,500 stock options exercisable at \$0.155 per share that expire on April 23, 2024.

On December 4, 2019, the Company cancelled 50,000 stock options exercisable at \$0.50 per share that expire on June 28, 2023.

On December 19, 2019, the Company cancelled 30,000 stock options exercisable at \$0.155 per share that expire on April 23, 2024.

On December 19, 2019, the Company granted 1,171,404 restricted share units to officers and directors that expire on December 19, 2022.

On December 30, 2019, 7,497 warrants expired at a price of \$0.33 per share.

On December 31, 2019, the Company cancelled 37,500 stock options exercisable at \$0.155 per share that expire on April 23, 2024.

On January 2, 2020, the Company cancelled 50,000 stock options exercisable at \$0.11 per share that expire on June 25, 2024.

On January 6, 2020, the Company issued 80,000 common shares at \$0.05 as settlement for an amount payable.

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24. SUBSEQUENT EVENTS (continued)

On January 8, 2020, the Company issued 20,000 common shares at \$0.05 to a consultant for an amount payable.

On January 10, 2020, the Company granted 661,539 restricted share units to executives that expire on January 9, 2023.

On January 10, 2020, the Company cancelled 42,500 stock options exercisable at \$0.155 per share that expire on April 23, 2024.

On January 10, 2020, the Company cancelled 50,000 restricted share units that expire on November 29, 2022.

On January 31, 2020, the Company closed a private placement for 3,836,845 Units at a price of \$0.046 per Unit for gross proceeds of \$176,495. Each Unit consists of one common share and one common share purchase warrant. Warrants issued have an exercise price of \$0.08 per share for a period of 24 months from the date of issue. Warrants were valued at \$Nil using the residual value method. The Company paid no share issue costs in connection with this financing.

On January 31, 2020, the Company granted 210,923 restricted share units to an officer and employees that expire on January 30, 2023.

On January 31, 2020, the Company granted 100,000 stock options to employees at an exercise price of \$0.10 per share that expire on January 31, 2025.

On February 1, 2020, the Company cancelled 87,500 stock options exercisable at \$0.155 per share that expire on April 23, 2024.

On February 3, 2020, the Company issued 133,333 common shares at \$0.045 as settlement for amounts payable.

On February 18, 2020, the Company issued 47,727 common shares at \$0.055 as settlement for an amount payable.

On February 22, 2020, the Company cancelled 25,000 stock options exercisable at \$0.15 per share that expire on September 6, 2021; 30,000 stock options exercisable at \$0.295 per share that expire on September 15, 2022; and 57,500 stock options exercisable at \$0.155 per share that expire on April 23, 2024.

On February 24, 2020, the Company signed a lease for its current office premises to begin on June 1, 2020 for three years. It is a triple net lease with the base rent \$9,485 per month in Year 1; \$9,716 per month in Year 2; and \$9,947 per month in Year 3.

On February 28, 2020, the Company cancelled 75,000 stock options exercisable at \$0.39 per share that expire on September 1, 2023.

On March 2, 2020, the Company issued 52,631 common shares at \$0.095 as settlement for amounts payable.

On March 3, 2020, the Company granted 60,000 stock options to consultants at a price of \$0.18 per share that expire on March 3, 2025.

On March 3, 2020, the Company granted 167,094 restricted share units to an officer and employees that expire on March 3, 2023.

On March 4, 2020, 62,500 stock options were exercised at \$0.155 per share for proceeds of \$9,688.

PERK LABS INC.
(formerly Glance Technologies Inc.)

Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2019 and 2018

24. SUBSEQUENT EVENTS (continued)

On March 4, 2020, the Company cancelled 25,000 stock options exercisable at \$0.50 per share that expire on June 28, 2023 and 25,000 stock options exercisable at \$0.155 per share that expire on April 23, 2024.

On March 16, 2020, 45,000 stock options were exercised at \$0.15 per share for proceeds of \$6,750.