



PERK LABS INC.

Consolidated Financial Statements

For the Years Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

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For the Years Ended November 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Perk Labs Inc.

Opinion

We have audited the consolidated financial statements of Perk Labs Inc. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2020 and 2019, 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, 2020 and 2019, 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 \$4,490,939 and used cash of \$2,233,910 for operating activities during the year ended November 30, 2020 and, as of that date, had a deficit of \$38,030,367. 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.

Other Information

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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 25, 2021

PERK LABS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	November 30 2020	November 30 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 784,117	\$ 1,918,626
Amounts receivable (note 6)	57,390	20,839
Marketable securities (note 7)	286,910	1,710,530
Inventory	9,861	-
Prepaid expenses and deposits (note 8)	76,791	64,245
	1,215,069	3,714,240
Property and equipment (note 9)	229,919	31,606
Marketable securities (note 7)	90,000	882,785
Investment (note 11)	102,000	102,000
Investment in joint venture (note 12)	1	1
Total assets	\$ 1,636,989	\$ 4,730,632
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 23)	\$ 346,830	\$ 367,730
Current portion of lease liabilities (note 24)	76,655	-
	423,485	367,730
Lease liabilities (note 24)	156,666	-
Total liabilities	580,151	367,730
SHAREHOLDERS' EQUITY		
Share capital (note 13)	33,568,508	32,903,790
Reserves	5,518,697	4,998,540
Deficit	(38,030,367)	(33,539,428)
Total shareholders' equity	1,056,838	4,362,902
Total liabilities and shareholders' equity	\$ 1,636,989	\$ 4,730,632
Going concern (note 2)		
Commitments (note 24)		
Subsequent events (note 26)		

Approved and authorized for issue by the Board of Directors on March 25, 2021:

/s/ James Topham

Director

/s/ Kirk Herrington

Director

PERK LABS INC.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	November 30	November 30
	2020	2019
Revenue (note 20)	\$ 63,896	\$ 32,093
Cost of sales	67,827	36,895
Gross loss	(3,931)	(4,802)
Expenses		
Depreciation and amortization (notes 5, 9 and 10)	76,397	410,811
General and administration (note 15)	1,181,457	2,564,572
Research and development (note 16)	725,915	2,833,341
Sales and marketing (note 17)	676,833	1,107,644
Share-based compensation (notes 13, 14 and 23)	563,690	488,708
	3,224,292	7,405,076
Loss from operations	(3,228,223)	(7,409,878)
Other income (expense)		
Foreign exchange gain (loss)	(3,629)	1,163
Gain on sale of property and equipment	-	1,674
Gain on sale of marketable securities (note 7)	433,874	1,017,271
Government subsidies and grants (note 21)	339,234	-
Impairment of intangible assets (note 10)	-	(32,111)
Impairment of investment	-	(493,000)
Interest expense (note 24)	(20,395)	-
Interest income	8,775	48,217
Loss on settlement of debt	-	(29,643)
Other income	-	2,700
Unrealized gain (loss) on marketable securities (note 7)	(2,020,575)	(1,185,377)
	(1,262,716)	(669,106)
Net and comprehensive loss for the year	\$ (4,490,939)	\$ (8,078,984)
Basic and diluted loss per share	\$ (0.03)	\$ (0.06)
Weighted average number of shares outstanding	141,770,052	136,742,618

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

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

	Number of Shares	Share Capital	Shares to be Issued	Reserves	Deficit	Total Equity
Balance, November 30, 2019	136,817,783	\$ 32,903,790	\$ -	\$ 4,998,540	\$(33,539,428)	\$ 4,362,902
Shares issued for cash	13,281,845	605,586	-	-	-	605,586
Share issuance costs	-	(123,873)	-	-	-	(123,873)
Shares issued for service	1,902,867	123,035	-	-	-	123,035
Stock options exercised	107,500	23,470	-	(7,033)	-	16,437
Shares issued under RSU plan	365,000	36,500	-	(36,500)	-	-
Share-based compensation	-	-	-	563,690	-	563,690
Net loss for the year	-	-	-	-	(4,490,939)	(4,490,939)
Balance, November 30, 2020	152,474,995	\$ 33,568,508	\$ -	\$ 5,518,697	\$(38,030,367)	\$ 1,056,838

	Number of Shares	Share Capital	Shares to be Issued	Reserves	Deficit	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

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

PERK LABS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	November 30 2020	November 30 2019
Cash and cash equivalents provided by (used in)		
Operating activities		
Net loss	\$ (4,490,939)	\$ (8,078,984)
Items not affecting cash		
Depreciation and amortization	76,397	410,811
Gain on sale of marketable securities	(433,874)	(1,017,271)
Gain on sale of property and equipment	-	(1,674)
Gain on rent concession	(23,845)	-
Impairment of intangible assets	-	32,111
Impairment of investment	-	493,000
Interest expense on lease liability	20,395	-
Loss on settlement of debt	-	29,643
Share-based compensation	563,690	488,708
Unrealized (gain) loss on marketable securities	2,020,575	1,185,377
	(2,267,601)	(6,458,279)
Net change in non-cash working capital	33,691	1,654,390
	(2,233,910)	(4,803,889)
Investing activities		
Acquisition of property and equipment	-	(16,376)
Proceeds from sale of property and equipment	-	21,862
Proceeds from sale of marketable securities	629,705	1,070,815
	629,705	1,076,301
Financing activities		
Proceeds from share issuances	622,024	-
Share issuance costs	(123,873)	-
Repayment of principal on lease liabilities	(28,455)	-
	469,696	-
Net decrease in cash	(1,134,509)	(3,727,588)
Cash and cash equivalents, beginning of year	1,918,626	5,646,214
Cash and cash equivalents, end of year	\$ 784,117	\$ 1,918,626
Supplemental cash flow information (note 19)		

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

PERK LABS INC.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2020 and 2019

1. NATURE OF OPERATIONS

Perk Labs 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 PKLBF (formerly GLNNF); and on the Frankfurt Stock Exchange under the symbol PKLB (formerly GJT).

These consolidated financial statements include the accounts of Perk Labs Inc. and its three wholly owned subsidiaries: Perk Hero Software 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, originally using *Glance Pay* and subsequently using *Perk Hero*. The Company launched its *Glance Pay* application during August 2016 and officially launched *Perk Hero* on April 2, 2020. *Perk Hero* is a digital loyalty management platform that enables merchants to provide their customers with digital rewards and a more engaging and convenient customer experience.

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 \$4,490,939 (2019 - \$8,078,984) and used cash of \$2,233,910 (2019 - \$4,803,889) for operating activities during the year ended November 30, 2020. As of that date, the Company had an accumulated deficit of \$38,030,367 (2019 - \$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, 2020 is uncertain. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. 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.

PERK LABS INC.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2020 and 2019

2. GOING CONCERN (continued)

The recent outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future; therefore, the Company cannot reasonably estimate the impact at this time on our business, liquidity, capital resources, and financial results.

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 25, 2021.

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 in the consolidated statement of operations. 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.

PERK LABS INC.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2020 and 2019

3. BASIS OF PREPARATION (continued)

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.

Significant areas requiring the use of estimates include the carrying values of marketable securities and investments, the collectability of amounts receivable, useful lives and carrying values of property and equipment, useful lives, carrying values, and the incremental borrowing rate used for the right-of-use assets and lease liabilities, the unrecognized portion of deferred income taxes, and the measurement of share-based compensation.

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 privately held investments, the fair value of share-based compensation, the discount rates applied on marketable securities held in escrow, the incremental borrowing rate used in the valuation of right-of-use assets and lease liabilities, 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 reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position is comprised of cash held at financial institutions and cash 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.

b) Marketable securities

Marketable securities are 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.

PERK LABS INC.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2020 and 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Inventory

The Company holds inventories of products for resale which can include gift cards, consumer goods and processed food items. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in first-out method. Net realizable value is the estimated selling price less costs of disposal in the ordinary course of business.

d) Property and equipment

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

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. Costs that do not meet the definition of capitalization under IAS 38, Intangible Assets, are expensed as incurred. 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. Currently, the Company does not have any capitalized intangible assets.

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

For the Years Ended November 30, 2020 and 2019

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

For the Years Ended November 30, 2020 and 2019

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

IFRS 9, Financial Instruments ("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.

(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.

(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.

PERK LABS INC.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the Years Ended November 30, 2020 and 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

(i) Financial assets (continued)

(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.

(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 following table summarizes the measurement categories under IFRS 9 for each class of the Company’s financial assets and liabilities:

	Measurement category under IFRS 9
Financial assets	
Cash and cash equivalents	Amortized cost
Amounts receivables	Amortized cost
Marketable securities	FVTPL
Investments	FVTPL
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Lease liabilities	Amortized cost

PERK LABS INC.
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 issuance 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. Direct costs related to the issuance of common 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.

PERK LABS INC.
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Share-based compensation (continued)

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.

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. If RSUs are for services that have been provided and are non-cancellable, the Company recognizes the full cost of the RSUs on the date of grant. The amount recognized is adjusted to reflect the number of RSUs expected to eventually vest.

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, 2020, the Company has 17,203,898 (2019 – 8,535,997) 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

The Company's accounting policy for revenue recognition under IFRS 15, Revenue from Contracts with Customers, follows 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.

The Company recognizes revenue in the following areas:

The Company derives product revenue from the sales of products and gift cards on its website and its mobile application in which it acts as the principal as it bears inventory risk and is responsible for fulfillment. Each sale is treated as a separate transaction and performance obligations are considered fulfilled when the orders are shipped. These revenues are reported on a gross basis.

PERK LABS INC.
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Revenue recognition (continued)

The Company derives transaction revenue on payment processing and commission fees charged to merchants on its application and website that include restaurants, dropshipping clients, digital gift cards and parking venues. Specific transaction prices and performance obligations are determined for each of the agreements that the Company has with vendors on its platform. With these types of transactions, it was determined that the Company is acting as an agent and thus the Company recognizes revenue on these transactions on a net basis when the amounts have been received by the Company.

p) Income taxes

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 income; 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 income will be available against which the asset can be utilized.

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.

PERK LABS INC.
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Government grants

The Company recognizes government grants when there is a reasonable assurance that the Company will comply with the conditions of the grant and the grant will be received. Government grants receivable are recorded in the amounts receivable on the consolidated statement of financial position. The Company recognizes government grants in the consolidated statement of operations in the same period as the expenses for which the grant is intended to compensate. In cases where a grant becomes receivable as compensation for expenses already incurred in period periods, the grant is recognized in the consolidated statement of operations in the period in which it becomes receivable.

5. ADOPTION OF NEW STANDARDS

a) 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 on December 1, 2019 using the election for short-term leases for their existing office premises lease which had a nine-month term at inception, and there was no material impact on the consolidated statement of financial position at the date of implementation.

On June 1, 2020, the Company commenced a three-year lease for its office premises. Right-of-use assets under IFRS 16 are included in property and equipment in the consolidated statement of financial position. The current and non-current portion of lease liabilities are presented separately in the consolidated statement of financial position.

Right-of-use assets are subsequently amortized over the remaining term of the lease, which is approximately 3 years. Lease liabilities are subsequently reduced by lease payments net of interest expense calculated using the effective interest method.

For the Years Ended November 30, 2020 and 2019

5. ADOPTION OF NEW STANDARDS (continued)

b) Amendments to IFRS 16: COVID-19 Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequent of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The amendments are effective for periods beginning on or after June 1, 2021 with earlier application permitted.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before June 30, 2021; and
- no other substantive changes have been made to the terms of the lease.

For the period ending November 30, 2020, the Company was approved under the Canada Emergency Commercial Rent Assistance (CECRA) program which provides commercial rent assistance for small businesses. The Company has applied the practical expedient to this rent concession on its only lease.

The net impact of the concession recognized in the consolidated statements of operations and comprehensive loss arising from this practical expedient is a reduction of \$39,025 against rent expenses.

c) Recent Accounting Pronouncements

Amendment to IAS 1, Classification of Liabilities as Current or Non-Current

On January 23, 2020, and amended on July 15, 2020, the IASB issued an amendment to IAS 1, Classification of Liabilities as Current or Non-Current ("IAS 1") and has been revised to: i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendment to IAS 1 is effective for annual reporting periods on or after January 1, 2023 and is applied retrospectively. Early adoption of this amendment is permitted. The Company is currently evaluating the impact of this amendment to its consolidated financial statements.

Amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

On February 12, 2021, the IASB issued an amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") to introduce the definition of an accounting estimate and include other amendments to help entities to distinguish changes in accounting estimates from changes in accounting policies.

The amendment to IAS 8 is effective for annual reporting periods on or after January 1, 2023 and early adoption is permitted. The Company is currently evaluating the impact of this amendment on its consolidated financial statements.

Other new standards and amendments to standards and interpretations are not effective for the year ended November 30, 2020 and have not been early adopted by the Company and are not expected to have a material impact on the Company's consolidated financial statements.

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6. AMOUNTS RECEIVABLE

	November 30 2020	November 30 2019
Accounts receivable - customers	\$ -	\$ 2,306
Goods and services tax receivable	47,898	18,117
Other receivables	9,492	416
	\$ 57,390	\$ 20,839

7. MARKETABLE SECURITIES

	November 30 2020	November 30 2019	November 30 2020	November 30 2019	November 30 2020	November 30 2019
	Number		Cost		Fair Value	
Current						
Loop Insights Inc.	-	783,325	\$ -	\$ 195,831	\$ -	\$ 148,832
Better Plant Sciences Inc. (shares)	2,700,000	2,700,000	-	-	180,000	688,500
Better Plant Sciences Inc. (warrants)	5,460,000	5,460,000	-	-	106,910	873,198
			-	195,831	286,910	1,710,530
Non-current						
Better Plant Sciences Inc. (shares)	1,350,000	4,050,000	-	-	90,000	882,785
			\$ -	\$ 195,831	\$ 376,910	\$2,593,315

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, 2020, the Company sold 783,325 (2019 - 216,675) shares of Loop for net proceeds of \$201,217 (2019 - \$84,272) with a cost of \$195,831 (2019 - \$54,169) resulting in a realized gain of \$5,386 (2019 - \$30,103).

Better Plant Sciences Inc. (formerly Yield Growth Corp.) ("BPS")

On May 29, 2017 (and as amended on May 31, 2017), the Company's subsidiary Perk Hero Software Inc. (formerly Glance Pay Inc.) entered into a licensing agreement with BPS, a company incorporated in the Province of British Columbia. Pursuant to the licensing agreement, the Company granted BPS 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 BPS's payment of the annual renewal fee of \$10,000. As consideration for the license, BPS 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 August 31, 2017;
- \$200,000 on June 20, 2017; and
- \$612,500 from the issuance of 2,450,000 common shares of BPS 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 BPS 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 BPS to the Company. On June 4, 2018, BPS split their common shares on the basis of two for one, increasing the Company's holdings in BPS to 20,900,000 common shares.

As part of an agreement modification in November 2018, the Company returned 11,900,000 BPS common shares in exchange for the issuance of 6,000,000 warrants to purchase BPS 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 BPS from the equity method to FVTPL as the Company no longer had significant influence of BPS as its common share holdings were less than 20%, had no representation on the Board of Directors of BPS, and had no participation or significant influence in the operations of BPS. Pursuant to a Restricted Share Sale Agreement dated November 2, 2018, the Company agreed not to sell more than 20,000 BPS shares in a single trading day upon BPS listing on a Canadian stock exchange, which occurred on December 14, 2018.

During the year ended November 30, 2020, the Company exercised \$Nil (2019 - 540,000) warrants for \$Nil (2019 - \$240,000) and sold 2,700,000 (2019 - 2,250,000) shares of BPS for proceeds of \$428,488 (2019 - \$1,257,168) resulting in a realized gain of \$428,488 (2019 - \$987,168).

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7. MARKETABLE SECURITIES (continued)

Better Plant Sciences Inc. (formerly Yield Growth Corp.) (“BPS”) (continued)

At November 30, 2020, the fair value of the 5,460,000 (2019 – 5,460,000) BPS warrants was \$106,910 (2019 - \$873,198) calculated using the Black-Scholes option pricing model assuming no expected dividends, an expected life remaining of 2.90 (2019 – 3.85) years, volatility of 109% (2019 – 110%), and a risk-free rate of 0.31% (2019 – 1.51%). For the year ended November 30, 2020, the Company recognized an unrealized loss of \$766,289 (2019 - \$334,219) on the BPS warrants.

At November 30, 2020, 4,050,000 BPS common shares were held in escrow. They will be released as follows: (i) December 15, 2020 – 1,350,000; (ii) June 15, 2021 – 1,350,000 shares; and (iii) December 15, 2021 – 1,350,000 shares. At November 30, 2020, the Company recorded a discount of \$13,500 (2019 – \$149,965) on the carrying value of BPS common shares held in escrow with a corresponding entry to unrealized loss.

8. PREPAID EXPENSES AND DEPOSITS

	November 30 2020	November 30 2019
Deposit on office premises	\$ 49,697	\$ 26,529
Other prepaid expenses	27,094	37,716
	\$ 76,791	\$ 64,245

9. PROPERTY AND EQUIPMENT

	November 30		November 30		November 30
	2018	Dispositions	2019	Additions	2020
Cost					
Computer equipment	\$ 362,346	\$ (188,752)	\$ 173,594	\$ -	\$ 173,594
Furniture and fixtures	26,075	(5,288)	20,787	-	20,787
Leasehold improvements	220,474	-	220,474	-	220,474
Right of use lease asset	-	-	-	274,710	274,710
	\$ 608,895	\$ (194,040)	\$ 414,855	\$ 274,710	\$ 689,565

	November 30		November 30		November 30
	2018	Depreciation/ Amortization	2019	Depreciation/ Amortization	2020
Accumulated Depreciation/Amortization					
Computer equipment	\$ 208,154	\$ (59,137)	\$ 149,017	\$ 23,239	\$ 172,256
Furniture and fixtures	8,613	5,145	13,758	6,065	19,823
Leasehold improvements	75,877	144,597	220,474	-	220,474
Right of use lease asset	-	-	-	47,093	47,093
	\$ 292,644	\$ 90,605	\$ 383,249	\$ 76,397	\$ 459,646

Carrying Amounts	\$ 316,251	\$ 31,606	\$ 229,919
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PERK LABS INC.
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10. INTANGIBLE ASSETS

	Computer Software	Payment Processing Patents	Intellectual Property	Patent and Domain Names	Total
Cost					
Balance November 30, 2018	\$ 493,244	\$ 26,667	\$ -	\$ 17,800	\$ 537,711
Additions	-	-	1,419,844	14,311	1,434,155
Balance, November 30, 2019 and 2020	\$ 493,244	\$ 26,667	\$ 1,419,844	\$ 32,111	\$ 1,971,866
Accumulated Amortization					
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 and 2020	\$ 493,244	\$ 26,667	\$ 1,419,844	\$ 32,111	\$ 1,971,866
Carrying Amounts, November 30, 2019 and 2020	\$ -	\$ -	\$ -	\$ -	\$ -

11. INVESTMENT

	November 30 2020	November 30 2019	November 30 2020	November 30 2019	November 30 2020	November 30 2019
	Number		Cost		Fair Value	
Euro Asia Pay Holdings Inc.	8,500,000	8,500,000	\$ 595,000	\$ 595,000	\$ 102,000	\$ 102,000

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 year ended November 30, 2019, the Company recorded an impairment loss of \$493,000. Refer to Note 25.

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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”).

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 is recorded under the equity method. There were no transactions during the years ended November 30, 2019 and 2020.

13. SHARE CAPITAL

a) Common shares

Authorized:

Unlimited number of common shares without par value.

Issued:

On July 17, 2020, the Company filed a Short Form Base Shelf Prospectus with the British Columbia Securities Commission and using Multilateral Instrument 11-102 Passport System, filed the prospectus in all the provinces and territories of Canada. On July 29, 2020, the Company announced that it established an at-the-marketing equity program that allows the Company to issue and sell up to \$2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company’s discretion.

At November 30, 2020, 152,474,995 (2019 – 136,817,783) common shares were issued and outstanding.

(i) Shares issued for services

During the year ended November 30, 2020, the Company issued an aggregate of 1,902,867 common shares with a fair value of \$123,035 for services. The fair value of common shares issued was based on the end of day trading price of the Company’s common share on the date of issuance.

(ii) Shares issued for equity financing

On January 31, 2020, the Company closed a private placement for 3,836,845 units at a price of \$0.046 per unit for proceeds of \$176,495. Each unit consisted of one common share and one common share purchase warrant, with each warrant having an exercise price of \$0.08 per share for a period of 24 months from the date of issue.

During the year ended November 30, 2020, the Company issued 9,445,000 common shares through its at-the-market offering at an average price of \$0.045 for gross proceeds of \$429,091 and net proceeds of \$416,218. As part of the offering, the Company paid commissions of \$12,873 and incurred share issuance fees of \$111,000.

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13. SHARE CAPITAL (continued)

(iii) Shares issued for debt

On November 8, 2019, the Company issued 80,000 common shares with a fair value of \$4,000 for settlement of an amount payable.

b) Escrow shares

At November 30, 2020, there were Nil (2019 – 10,593,767) common shares held in escrow.

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2018	6,281,687	\$ 2.81
Expired	(6,274,190)	\$ (2.81)
Balance, November 30, 2019	7,497	\$ 0.33
Expired	(7,497)	\$ 0.33
Issued	3,836,845	\$ 0.08
Balance, November 30, 2020	3,836,845	\$ 0.08

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price
January 31, 2022	1.17	3,836,845	\$ 0.08

d) Restricted share units

The Company has established a long-term Restricted Share Unit (“RSU”) incentive plan for executives and certain employees. This plan was finalized and approved at the Company’s Annual General Meeting held on June 10, 2020. Awards generally vest over a three-year period (100% cliff vesting on the third anniversary date). The Board or Compensation Committee may, in its sole discretion, determine vesting conditions for RSUs and the method of vesting. The Company’s policy is to issue common shares for RSUs in the same month in which they vest.

The fair value of the RSUs granted was estimated on grant date using the fair value of the Company’s common shares on the date of grant. For RSUs issued prior to June 10, 2020, the closing share price of the Company’s common shares on the day that the RSU plan was finalized and approved was used to determine the fair value of the RSUs.

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13. SHARE CAPITAL (continued)

d) Restricted share units (continued)

	Number of Units	Weighted average issue price of RSU
Balance, November 30, 2018 and 2019	–	\$ -
Granted	6,476,053	\$ 0.08
Vested, issued and released	(365,000)	\$ 0.10
Forfeited	(195,000)	\$ 0.10
Balance, November 30, 2020	5,916,053	\$ 0.08

Expiration Dates	Outstanding	Weighted average
November 29, 2022- June 1, 2023	3,180,878	0.10
July 2, 2023 - July 6, 2023	475,962	0.08
August 4, 2023	241,759	0.07
April 21, 2021- December 1, 2023	2,017,454	0.05
Balance, November 30, 2020	5,916,053	0.08

For the year ended November 30, 2020, the Company recognized share-based compensation expenses of \$420,610 (2019 – \$Nil) related to 6,476,053 (2019 – nil) RSUs granted and vested.

During the year ended November 30, 2020, the Company granted 5,547,955 (2019 – nil) RSU's to officers and directors of the Company for share-based compensation expense of \$363,323 (2019 - \$nil).

14. STOCK OPTIONS

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.

For the year ended November 30, 2020, the Company recognized share-based compensation expenses of \$143,080 (2019 - \$488,708) related to stock options granted to employees, directors, officers and consultants.

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14. STOCK OPTIONS (continued)

The following summarizes the stock options outstanding.

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2018	8,540,250	\$ 0.85
Granted	5,350,000	\$ 0.16
Cancelled	(5,361,750)	\$ 0.79
Balance, November 30, 2019	8,528,500	\$ 0.23
Granted	550,000	\$ 0.11
Cancelled	(463,750)	\$ 0.16
Expired	(1,056,250)	\$ 0.37
Exercised ¹	(107,500)	\$ 0.15
Balance, November 30, 2020	7,451,000	\$ 0.21

1. The share price at the date options were exercised was \$0.38 on February 25, 2020 and \$0.11 on March 16, 2020. No options were exercised in the year ended November 30, 2019.

Exercise Price	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
\$ 0.10	4.06	902,500	455,000
\$ 0.11	3.57	400,000	387,500
\$ 0.14	3.44	200,000	25,000
\$ 0.15	0.63	1,555,000	850,000
\$ 0.16	3.40	3,983,500	3,303,500
\$ 0.18	4.26	60,000	35,000
\$ 1.46	2.15	350,000	350,000
\$ 0.21	2.86	7,451,000	5,406,000

For the year ended November 30, 2020, the weighted-average exercise price for exercisable options was \$0.21 (2019 - \$0.23), the fair value of stock options granted was \$0.07 (2019 - \$0.09), and the weighted average share price for stock options exercised was \$0.15 (2019 - \$nil) per share.

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model, and the following weighted-average assumptions:

	November 30 2020	November 30 2019
Risk-free interest rate	0.6%	1.6%
Expected volatility	146.5%	136.5%
Expected option life (in years)	4.73	2.2
Expected forfeiture rate	5%	5%
Dividend Yield	0%	0%

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15. GENERAL AND ADMINISTRATION EXPENSES

	Year Ended	
	November 30 2020	November 30 2019
Bank charges and interest	\$ 12,242	\$ 18,571
Consulting fees	72,000	246,707
Directors' fees (note 23)	64,167	280,000
Insurance	10,523	10,788
Investor relations	23,612	162,412
Legal, accounting, and auditing	252,037	224,212
Office	42,407	202,455
Rent	71,168	481,778
Transfer agent and filing fees	107,539	105,761
Travel	48	11,205
Wages and benefits (note 21)	525,714	820,683
	\$ 1,181,457	\$ 2,564,572

16. RESEARCH AND DEVELOPMENT EXPENSES

	Year Ended	
	November 30 2020	November 30 2019
Consulting	\$ 200,400	\$ 87,622
Fobisuite license	-	1,500,000
Information technology	140,414	289,062
Wages and benefits (note 21)	385,101	956,657
	\$ 725,915	\$ 2,833,341

17. SALES AND MARKETING EXPENSES

	Year Ended	
	November 30 2020	November 30 2019
Consulting fees	\$ 209,957	\$ 7,210
Promotions and events	32,914	371,907
Sales and marketing	140,637	50,872
Travel	2,171	36,700
Wages and benefits (note 21)	291,154	640,955
	\$ 676,833	\$ 1,107,644

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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

	2020 \$	2019 \$
Cash and cash equivalents is comprised of:		
Cash in bank	726,687	1,918,626
Cash held in cashable guaranteed investment certificates	57,500	-
	784,117	1,918,626
	Year Ended	
	November 30 2020	November 30 2019
Non-cash investing and financing activities		
Common shares issued for debt	\$ 123,035	\$ 4,000
Supplementary disclosures		
Income taxes paid	\$ -	\$ -
Interest paid on lease liabilities	\$ (20,395)	\$ -
Interest received	\$ 8,775	\$ 47,799

20. REVENUE

The breakdown of revenue for the years ended November 30, 2020 and 2019, is as follows:

	Year Ended	
	November 30 2020	November 30 2019
Transaction revenue	\$ 11,481	\$ 32,093
Product revenue	52,416	-
	\$ 63,896	\$ 32,093

21. GOVERNMENT GRANTS

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") in order to help employers keep and/or return employees to work in response to challenges posed by the COVID-19 pandemic. On August 10, 2020, the Company determined that it met the employer eligibility criteria and applied for the CEWS in order to retain employees on payroll. During the year ended November 30, 2020, the Company has received instalments of \$320,733 (2019 - \$nil)

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21. GOVERNMENT GRANTS (continued)

under this program and is reflected in government subsidies and grants in other income. There are no unfulfilled conditions or other contingencies attached to the current CEWS.

For the year ended November 30, 2020, the Company received \$18,501 (2019 - \$nil) from the Innovate BC Innovator Skills Initiative (ISI) grant. This program provides companies with up to \$5,000 towards an eligible student's payroll for a maximum of two students per intake year (May – April). The money received under this program consisted of grants received in two intake years.

22. INCOME TAXES

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

	November 30 2020	November 30 2019
Loss before income taxes	\$ (4,490,939)	\$ (8,078,984)
Statutory Canadian corporate tax rate	27%	27%
Income tax recovery at statutory rate	(1,212,554)	(2,181,326)
Permanent differences and other	23,557	110,360
Change in tax rates and true up	(70,249)	(527,021)
Changes in substantive tax rate of foreign jurisdiction	594	917
Change in unrecognized deferred income tax assets	1,258,652	2,597,070
	\$ -	\$ -

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

	November 30 2020	November 30 2019
Deferred income tax assets		
Non-capital losses carried forward	\$ 8,500,359	\$ 7,491,353
Capital assets	574,982	703,049
Investments	549,717	37,777
Share issuance costs	254,760	388,805
	9,879,818	8,621,166
Tax benefits not recognized	(9,879,818)	(8,621,166)
	\$ -	\$ -

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22. INCOME TAXES (continued)

At November 30, 2020, the Company has non-capital tax losses of approximately \$30,688,300 available for carry-forward to reduce future years' income taxes, expiring as follows:

Expiry Date	Amounts
2034	\$ 52,600
2035	275,500
2036	1,749,700
2037	6,109,800
2038	12,678,100
2039	6,900,400
2040	2,922,200
	\$ 30,688,300

23. 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 2020	November 30 2019
Directors' fees	\$ 64,167	\$ 280,000
Remuneration and fees	535,415	842,113
Share-based compensation	460,161	307,307
	\$ 1,059,742	\$ 1,429,420

At November 30, 2020, the Company owed \$6,667 (2019 - \$15,388) to a director of the Company which is included in accounts payable and accrued liabilities.

At November 30, 2020, the Company owed \$6,667 (2019 - \$15,388) to a director of the Company which is included in accounts payable and accrued liabilities.

At November 30, 2020, the Company owed \$5,000 (2019 - \$11,250) to a director of the Company which is included in accounts payable and accrued liabilities.

At November 30, 2020, the Company owed \$5,000 (2019 - \$11,250) to a director of the Company which is included in accounts payable and accrued liabilities.

At November 30, 2020, the Company owed \$18,572 (2019 - \$15,041) to the Chief Operating Officer of the Company which is included in accounts payable and accrued liabilities.

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

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24. COMMITMENTS AND LEASE LIABILITIES

On June 1, 2020, the Company commenced a three-year lease for its office premises. It is a triple net lease with a base rent of \$9,485 per month in Year 1; \$9,716 per month in Year 2; and \$9,947 per month in Year 3. Upon commencement of the lease, the Company recognized a right-of-use asset and a lease liability. The incremental borrowing rate used to determine the lease liability was 17.5%, which is the Company's estimated cost of external financing.

The following is a continuity schedule of lease liabilities for the year ended November 30, 2020.

	\$
Balance at November 30, 2019	–
Lease additions	274,710
Lease payments	(37,939)
Interest expenses on lease liabilities	20,395
Adjustments for COVID-19 concessions	(23,845)
Balance at November 30, 2020	233,321
Current portion	76,655
Long term portion	156,666

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial assets and liabilities 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.

	Fair value measurements using			Total \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Marketable securities	270,000	106,910	–	376,910
Investment	–	–	102,000	102,000
	270,000	106,910	102,000	478,910

For the Years Ended November 30, 2020 and 2019

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The fair values of other financial instruments, including cash and cash equivalents, amounts receivable, investment in joint venture, accounts payable and accrued liabilities, and lease liabilities approximate their fair values due the short-term nature of the financial instrument.

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 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.

The Company is exposed to foreign currency risk with respect to its US denominated bank account. At November 30, 2020, financial instruments were converted at a rate of \$1.2965 per US dollar (2019 –\$1.3289 per US dollar). A 10% change in foreign exchange rates is not expected to have a material impact on the Company's consolidated financial statements.

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

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25. 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 cash equivalents and amounts receivable. The Company limits its exposure to credit risk by placing its cash and cash equivalents 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 counterparties.

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 and cash equivalents at November 30, 2020 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. On July 29, 2020, the Company announced an at-the-market equity program that allows the Company to issue and sell up to \$2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion.

(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 are exposed to price risk.

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26. SUBSEQUENT EVENTS

Subsequent to November 30, 2020, the Company issued 15,641,000 common shares through its at-the-market program at an average price of \$0.10 per share for gross proceeds of \$1,570,780. Commissions paid were \$47,123 for net proceeds of \$1,523,657.

Subsequent to November 30, 2020, the Company granted 2,687,467 RSUs to employees, directors and officers with vesting dates between May 1, 2021 and March 1, 2024, including 437,000 RSUs to directors, 892,839 RSUs to the Chief Executive Officer of the Company, and 707,128 RSUs to the Chief Financial Officer of the Company. RSUs issued to Directors and Officers vest in three years. Restricted stock units issued to employees vest quarterly over two years.

On December 1, 2020, the Company issued 101,500 common shares for the vesting of RSUs, which included 40,000 common shares issued to the Chief Executive Officer of the Company.

Subsequent to November 30, 2020, the Company issued 813,332 common shares to settle amounts payable, including the issuance of 410,085 common shares to the Chief Operating Officer of the Company and 365,824 common shares issued to the Chief Technology Officer of the Company.

Subsequent to November 30, 2020, the Company issued 687,173 common shares for proceeds of \$54,973 for the exercise of share purchase warrants.

On February 4, 2021, the Company issued 60,000 common shares for proceeds of \$9,000 for the exercise of stock options.

On February 17, 2021, the Company announced the renewal of its at-the-marketing equity program that allows the Company to issue and sell up to \$4,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion. Under this program, between February 18, 2021 and March 11, 2021, the Company issued 3,269,000 common shares through its at-the-market program at an average price of \$0.13 for gross proceeds of \$434,027. Commissions paid were \$13,021 for net proceeds of \$421,006.

On March 1, 2021, the Company issued 89,000 common shares for the vesting of RSUs, which included 40,000 common shares issued to the Chief Executive Officer of the Company.