



**PERK LABS INC.**

**Annual Information Form**

**For the year ended November 30, 2020**

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## PRELIMINARY NOTES

This annual information form (this “AIF”) has been prepared in compliance with Part 6 of National Instrument 51 – 102 *Continuous Disclosure Obligations* and is being filed on a voluntary basis in the form prescribed by Form 51-102F2.

In this AIF, unless otherwise specified or the context otherwise requires, reference to “we”, “us”, “our”, “its”, the “Company” or “Perk Labs” means Perk Labs Inc. and its subsidiaries.

In this AIF and documents incorporated by reference in this AIF, unless otherwise specified or the context otherwise requires, all references to “\$” and “dollars” are to Canadian dollars unless otherwise noted.

Unless otherwise stated, all information in this AIF is presented as of November 30, 2020.

### Information Incorporated by Reference

This AIF should be read in conjunction with our audited consolidated financial statements and corresponding management’s discussion and analysis of financial condition and results of operations for the fiscal year ended November 30, 2020 and subsequent interim reports, and our material change reports to date, all of which are available under our profiles on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at [www.sedar.com](http://www.sedar.com) and are incorporated herein by reference.

### Trademarks

“GLANCE PAY<sup>®</sup>” is a registered trademark in Canada.

Perk Hero<sup>™</sup>, the Perk Hero logo, reblasts and certain other marks are our unregistered trademarks in Canada and the United States of America (“U.S.”).

Perk Labs<sup>™</sup> and the Perk Labs logo are our unregistered trademarks in Canada and the U.S.

This AIF contains additional trade names, trademarks and service marks of other companies, and such trade names, trademarks and service marks are the property of their respective owners. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

The common law trademarks, service marks or trade names appearing in this AIF are the property of Perk Labs. Other trademarks, service marks or trade names appearing in this AIF are the property of their respective owners.

## FORWARD LOOKING INFORMATION

This AIF and the documents incorporated by reference herein which are not current statements or historical facts constitute “forward-looking information” within the meaning of applicable Canadian securities laws (collectively, “forward-looking statements”).

All statements other than statements of historical facts contained in this AIF, including statements regarding our future results of operations and financial position, business strategy, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations, and future results of current and anticipated products are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

This AIF contains forward-looking information or forward-looking statements (collectively “forward-looking information”) within the meaning of applicable securities laws. Forward-looking information is typically identified by words such as “may”, “believe”, “thinks”, “expect”, “exploring”, “expand”, “could”, “anticipate”, “intend”, “estimate”, “plan”, “pursue”, “potentially”, “projected”, “should”, “will” and similar expressions, or are those, which, by their nature, refer to future events.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “aim,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,”

“potential” or “continue” or the negative of these terms or other similar expressions. The forward-looking statements in this AIF are only predictions, not guarantees or assurances. We have based the forward-looking statements largely on our current expectations, estimates, assumptions, and projections about future events and financial trends that we believe, as of the date of such statements, may affect our business, financial condition and results of operations. Such expectations, estimates, assumptions, and projections, many of which are beyond our control, include, but are not limited to: that our latest innovation will give our merchants access to advanced data analytics; that Perk Hero Platform (as defined below) merchants will be better positioned to benefit from a massive, new base of Alipay (as defined below) users who represent increased foot traffic, spending power and revenue; that the Company will harmonize its QR codes to enable Alipay payment at Perk Hero Platform merchants; that we will continue to file additional patent applications; expectations regarding the total revenue of the global mobile payments market; that our products will be suited for individuals, businesses and online merchants; that increasing usage of our app, combined with new features, will deliver a growing stream of monthly revenue from merchants through a tiered Software-as-a-Service (“SaaS”) subscription model; the impact of the COVID-19 pandemic on the restaurant industry and restaurants that rely on revenue generated by in-restaurant dining, and the operations of the Company and the Company’s customers; the reduction in revenue from in-restaurant dining transactions; the Company’s investment in improvements to its offerings for mobile ordering and contact free payments, the expansion into new verticals as other types of business adopt contactless payments; the intention to increase investments in programs designed to drive more business to merchant partners; the belief that there is an opportunity for the Company to support small businesses with digital tools that will help business recover and prosper in a post-COVID-19 environment; the duration and severity of the economic impact of COVID-19 to users and merchant partners and the ultimate impact on the Company’s operations and liquidity; the significant disruption of global financial markets by COVID-19; that the Company will improve its capacity for monetization; that the Company will become the dominant mobile-first digital loyalty platform in North America; that the Company’s plan to expand across North America in a phased approach; the expected mobile payment volumes in the U.S.; the estimated size of the mobile order-ahead market; the potential to establish new verticals of revenue and increase customer retention with a singular payment platform; the effectiveness and efficiency of our advertising and promotional activities; volatility in the market price of our Shares; the continued popularity of current mobile payment models; our ability to retain and attract users of our services; our intention not to pay dividends or distributions; claims, lawsuits and other legal proceedings and challenges; competitive conditions in the mobile payments industry; our prioritization of product innovation and user experience over short-term operating results; that Converge MobiSolutions Inc. will focus on marketing and selling technology to certain types of merchants and will target certain geographies; that the Company’s acquisition of new technology will allow it to improve its offering to consumers and merchants; that the Company will grow its current distribution network; that the Company will continue to develop the Perk Hero Platform and introduce new features; that we will increase the number of merchants and users using the Perk Hero Platform; that the Company will use data, technology, and inbound selling to ramp up sales and revenue generation; the belief that our innovative all-in-one mobile ordering, contactless payments and loyalty rewards app enables us to operate more efficiently, with more competitive rates and higher customer satisfaction than our competitors; the belief that the gamification aspects of our product, the strong brand we are developing based on high quality content designed to resonate with our target market of Gen Z and Millennials, and that our talented and diverse team will provide us with significant competitive advantages over current and future competitors; that the Company will generate revenue from a combination of various fees; that the Company will employ growth strategies and tactics to increase merchant and user adoption, including in-app strategies, online and print advertising, events, guerilla marketing, and partnerships to access new distribution channels; that the Company will gain loyalty and support from merchants and users by meeting and exceeding their expectations through in-app experiences and customer service; the estimated market for customer loyalty; that the Company will move further into the customer loyalty market; that the Company’s marketing and branding efforts toward user adoption will be targeted at the Gen Z and Millennial demographics who are the largest app adopters and consumer spending groups; our alertness to partnership, joint ventures, and acquisition opportunities; that the Company will expand beyond mobile payments to include customer loyalty, engagement, and personalized marketing; that the Company will build an exceptional and world-class brand with a focus on high quality content; that we will work to improve our relationship with our merchants and users; that the Company will acquire small and medium chain restaurants in need of a digital loyalty program as part of its expansion plans; expectations regarding the acquisition of patents; the Company’s focus away from the food and beverage vertical to focus more on eCommerce dropshipping merchants, Perk Hero managed stores and digital gift cards; the Company continuing to refine its marketing and sales strategy to expand its user base, and the Company’s intention to scale its marketing efforts and expenditures; and the market for mobile and contactless payments, are forward-looking statements.

The forward-looking statements are made only as of the date of this AIF and are subject to a number of risks, uncertainties and assumptions described in this AIF, and in particular under the section entitled “Risk Factors”. Factors that could cause our actual results to differ from the forward-looking statements include:

- plans regarding our revenue, expenses and operations;
- our anticipated cash needs, our need for additional financing and ability to raise additional funds;
- the Company's ability to continue as a going concern;
- the duration and impact of COVID-19 on our business plans, objectives and expected operating results;
- our ability to protect, maintain and enforce intellectual property rights;
- plans for and timing of expansion of solutions and services;
- future growth plans and the ability to meet our business objectives;
- the acceptance by customers and the marketplace of new technologies and solutions;
- our ability to attract new customers and develop and maintain existing customers;
- our ability to attract and retain personnel;
- expectations with respect to advancement and adoption of new technologies;
- our competitive position and expectations regarding competition;
- anticipated trends and challenges in our business and the markets in which we operate;
- our ability to respond to technological developments;
- the possibility that we will be required to pay out a significant amount of chargebacks;
- our reliance on third party processors and service providers;
- the strengthening or weakening of the Canadian dollar versus foreign currencies;
- our reliance on banks and other payment processors;
- our ability to adapt our technology with an increase in customer traffic;
- the development and maintenance of the internet infrastructure;
- damage or failure of our information technology and communications systems;
- undetected errors or "bugs";
- the adoption of laws or regulations affecting the use of the internet as a commercial medium;
- failure or perceived failure to comply with privacy laws;
- cybersecurity risk;
- intellectual property claims with or without merit;
- fraud;
- the effectiveness and efficiency of advertising and promotional activities;
- our ability to maintain and promote our brand;
- our ability to continue to provide useful, reliable and innovative services;
- change in the payment preferences of consumers;
- our ability to comply with existing or potential reporting and record-keeping obligations;
- the possibility that we will be required to pay taxes on transaction processing;
- the possibility of changes to payment card networks, or bank fees or practices;
- our ability to maintain our pricing model and operating budget;
- our ability to generate cash flow for our financial obligations;
- the possibility that we will be subject to liabilities for which we do not carry insurance;
- the possibility of conflicts of interests involving our directors or officers;
- the market price for Shares may be subject to wide fluctuations; and
- the speculative nature of investments in the Shares.

Because forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in a dynamic industry and economy. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties that we may face. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

## **Industry Data**

Unless otherwise indicated, information contained in this AIF concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates. See "Forward Looking Information."

## **GLOSSARY OF TERMS**

The following is a glossary of certain terms used in this AIF. Terms and abbreviations used in our Financial Statements and also appearing in the documents attached as schedules to this AIF may be defined separately and the terms and abbreviations defined below may not be used therein, except where otherwise indicated. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

<b>2017 Offering</b>	means the brokered bought deal financing of the Company involving the issuance of 3,684,000 2017 Units completed on December 27, 2017.
<b>2017 Units</b>	means units of the Company issued in the 2017 Offering.
<b>2017 Unit Warrant</b>	means a unit purchase warrant comprising a 2017 Unit.
<b>2020 ATM Program</b>	means the at-the-market equity program that the Company established in July 2020.
<b>2021 ATM Program</b>	means the at-the-market equity program that the Company established in February 2021.
<b>2020 Private Placement</b>	means the non-brokered private placement of the Company involving the issuance of 3,836,845 2020 Units completed on January 31, 2020.
<b>2020 Units</b>	means units of the Company issued in the 2020 Private Placement.
<b>AIF</b>	means this Annual Information Form.
<b>AI</b>	means artificial intelligence.
<b>Alipay</b>	means Alipay.com Co., Ltd.
<b>Amended and Restated Fobisuite Agreement</b>	means the amended and restated agreement between the Company and Fobisuite dated May 3, 2019.
<b>Amended and Restated Licensing Agreement</b>	means the agreement between Perk Hero and BPS to amend and restate the BPS Licensing Agreement, entered into November 2018.
<b>AML</b>	means anti-money laundering.
<b>API</b>	means application programming interface – a set of routines, protocols, and tools for building web-enabled and mobile-based apps.

<b>app</b>	means ‘application’ or a computer program designed to perform a specific function for the benefit of the user.
<b>Apple</b>	means Apple Inc.
<b>Apple Pay</b>	means a mobile payment and digital wallet service by Apple that enables users to use an iPhone or Apple watch as a wallet at store checkouts.
<b>Audit Committee</b>	means a committee established by and among the Board for the purpose of overseeing our accounting and financial reporting processes and audits of our financial statements.
<b>BCBCA</b>	means the <i>Business Corporations Act</i> (British Columbia) including the regulations thereunder, as amended.
<b>BCSC</b>	means British Columbia Securities Commission.
<b>Board</b>	means our board of directors.
<b>BPS</b>	means Better Plant Sciences Inc. (formerly The Yield Growth Corp.).
<b>BPS License</b>	means the worldwide, non-exclusive license to use the Company’s intellectual property in the marijuana financial technology industry granted by the Company to BPS pursuant to the BPS Licensing Agreement.
<b>BPS Licensing Agreement</b>	means the licensing agreement between the Company, through Perk Hero, and Yield dated May 29, 2017, pursuant to which the Company granted Yield the Yield License.
<b>BPS Warrants</b>	means warrants to purchase BPS Shares.
<b>CEO</b>	means Chief Executive Officer.
<b>CFO</b>	means Chief Financial Officer.
<b>CSE</b>	means Canadian Securities Exchange.
<b>CTO</b>	means Chief Technical Officer.
<b>Company</b>	means Perk Labs Inc. and its subsidiaries.
<b>Converge</b>	means Converge MobiSolutions Inc.
<b>CSE</b>	means the Canadian Securities Exchange.
<b>EAP Agreement</b>	means the licensing agreement between the Company and Euro Asia Pay dated October 2017, as amended September 30, 2018.
<b>Euro Asia Pay</b>	means Euro Asia Pay Holdings Inc.
<b>Financial Statements</b>	means our audited consolidated financial statements for the financial year ended November 30, 2020, and subsequent interim financial statements.
<b>Fobi Pay</b>	means Fobi Pay Technologies Inc.
<b>Fobisuite</b>	means Fobisuite Technologies Inc.
<b>Fobisuite Agreement</b>	means the short form agreement between the Company and Fobisuite dated January 22, 2018.
<b>Forward-looking Information</b>	means, collectively, “forward-looking information” and Forward-looking Statements within the meaning of applicable Canadian securities laws.

<b>Forward-looking Statements</b>	means this AIF and the documents incorporated by reference herein which are not current statements or historical facts and, together, constitute “forward-looking information” within the meaning of applicable Canadian securities laws.
<b>Glance Coin</b>	means Glance Coin Inc.
<b>Glance Pay® App</b>	means the Company’s former mobile payment app.
<b>InComm Canada</b>	means InComm Canada Prepaid, Inc.
<b>InComm USA</b>	means InComm Digital Solutions, LLC.
<b>Kinect</b>	means Kinect Technology Inc.
<b>Loop</b>	means Loop Insights Inc.
<b>Loop Agreement</b>	means the definitive agreement between BPS and Loop for licensing and product pre-sales dated January 4, 2018.
<b>Loop Direct Agreement</b>	means the limited scope license agreement between the Company and Loop to directly license Glance Pay® App to Loop, dated November 2018.
<b>Loop Shares</b>	means common shares of Loop.
<b>NCIB</b>	means normal course issuer bid.
<b>NI 52-110</b>	means National Instrument 52-110 <i>Audit Committees</i> .
<b>OTCQB</b>	means the OTCQB stock market in the U.S.
<b>PCI DSS</b>	means Payment Card Industry Data Security Standard.
<b>PCT</b>	means international Patent Cooperation Treaty.
<b>Perk Hero</b>	means Perk Hero Software Inc.
<b>Perk Hero Platform</b>	the all-in-one omnichannel ordering, payment, and customer loyalty platform named Perk Hero that connects consumers with specialty sellers and popular digital gift cards
<b>Perk Labs</b>	means Perk Labs Inc.
<b>PIPA</b>	means the <i>Personal Information Protection Act</i> (British Columbia) including the regulations thereunder, as amended.
<b>PIPEDA</b>	means the <i>Personal Information Protections and Electronic Documents Act</i> (Canada) including the regulations thereunder, as amended.
<b>PLNT</b>	means Better Plant Sciences Inc. (formerly The Yield Growth Corp.)
<b>Policy</b>	means Advance Notice Policy.
<b>POS</b>	means the point of sale, which is the place, whether physical or virtual, where a retail transaction is completed.
<b>RSUs</b>	means restricted share units.
<b>SaaS</b>	means software-as-a-service.
<b>Saturna</b>	means Saturna Group Chartered Professional Accountants.
<b>SEDAR</b>	means the System for Electronic Document Analysis and Retrieval.



<b>Share</b>	means a common share of Perk Labs.
<b>Sublicense Royalty Payment</b>	means 4,000,000 Loop Shares that were paid to the Company as a sublicense royalty in connection with the Loop Sublicense.
<b>Subsequent Unit</b>	means a Share issuable upon exercise of a 2017 Unit Warrant.
<b>Transfer Agent</b>	means Computershare Investor Services Inc.
<b>U.S.</b>	means United States of America.
<b>“we”, “our”, “us” or the “Company”</b>	means the consolidated entity of Perk Labs (formerly Glance Technologies Inc.) and our wholly-owned subsidiaries, Perk Hero (formerly Glance Pay Inc.), Perk Hero USA, Inc. (formerly Glance Pay USA, Inc.), and Glance Coin Inc., unless the context requires otherwise.
<b>White Label Solution</b>	means the ‘Perk Hero for Businesses’ white-label enterprise solution.
<b>Ztudium</b>	means Ztudium Limited.

## **CORPORATE STRUCTURE**

### **Name, Address and Incorporation**

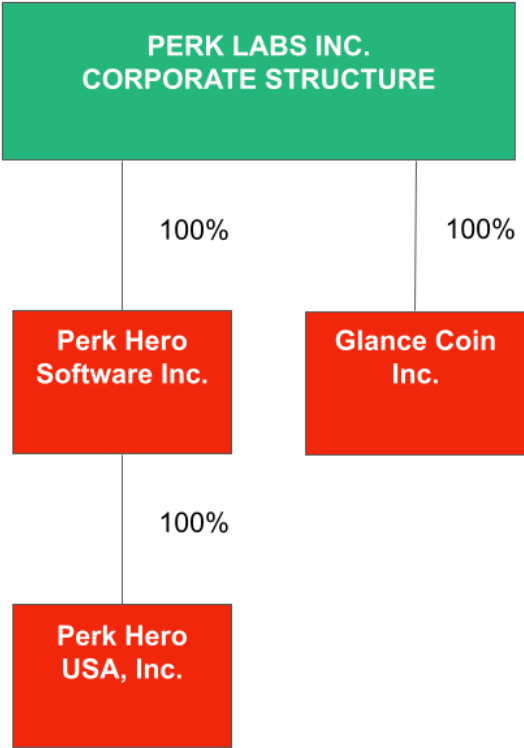
Perk Labs Inc. (“Perk Labs”) was incorporated under the BCBCA on October 24, 2014 with incorporation number BC1017257 as “Left Bank Capital Corp.”, and subsequently changed its name on October 22, 2015 to “Glance Technologies Inc.”, and to “Perk Labs Inc.” on February 18, 2020. Our head office and registered and records office is located at Suite 1755, 555 Burrard Street, Vancouver, BC Canada V7X 1M9. Perk Labs has two wholly-owned subsidiaries: Perk Hero Software Inc. (“Perk Hero”) and Glance Coin Inc. (“Glance Coin”), and one indirect wholly-owned subsidiary Perk Hero USA, Inc. Perk Labs also indirectly owns 49% of the voting securities of Converge MobiSolutions Inc. (“Converge”).

### **Intercorporate Relationships**

Perk Hero was incorporated under the BCBCA on November 12, 2014 under incorporation number BC1018839 as “Clover Acquisitions Inc.”, and subsequently changed its name on February 20, 2015 to “Glance Mobile Inc.”, on May 5, 2016 to “Glance Pay Inc.”, and on February 18, 2020 to “Perk Hero Software Inc.”. Perk Hero’s head office and registered and records office is located at Suite 1755, 555 Burrard Street, Vancouver, BC Canada V7X 1M9. Perk Hero has one wholly-owned subsidiary, Perk Hero USA, Inc.

Perk Hero USA, Inc. was incorporated under Chapter 78 of the *Nevada Revised Statutes* of the U.S. state of Nevada on October 14, 2016 under the name “Glance Pay USA, Inc.”, and subsequently changed its name to “Perk Hero USA, Inc.” on January 25, 2021. Its registered office is located at 112 North Curry Street, Carson City, NV 89703.

Glance Coin was incorporated under the BCBCA on December 27, 2017 under incorporation number BC1146933 as “1146933 B.C. LTD”, and subsequently changed its name to “Glance Blockchain Token Inc.” on December 28, 2017, and to “Glance Coin Inc.” on January 9, 2018. Glance Coin’s head office and registered and records office is located at Suite 1755, 555 Burrard Street, Vancouver, BC Canada V7X 1M9.



Separate financial statements for each partially held subsidiary are maintained in accordance with International Accounting Standard 28.

## GENERAL DEVELOPMENT OF THE BUSINESS

Perk Labs owns and operates Perk Hero, a two-sided online marketplace that connects consumers with specialty sellers and popular digital gift cards through an all-in-one omnichannel ordering, payment, and customer loyalty platform (“Perk Hero Platform”). The Perk Hero Platform’s fast, frictionless ordering, payments and rewards customer experience cultivates customer loyalty by offering rewards, engaging experiences and other incentives. It allows customers to earn “Perk Coins” every time they pay, and to earn experience points to level up and increase their reward earning power. At the same time, merchants get access to tools to drive customer loyalty and increase revenue.

The Perk Hero Platform is built on a new and advanced technology stack using offerings from leading companies like Amazon, Microsoft and Stripe. While it includes some of the best features of the Company’s previous app, Glance Pay® (the “Glance Pay App”), such as the ability to make quick secure payments by QR Code or paying by photo, it also includes many new advanced features such as:

- Apple Pay integration;
- Google Pay integration;
- Alipay integration;
- Shopify integration;
- Dropshipping to US and Canada;
- Mobile pre-order;
- Powerful, gamified loyalty reward platform allowing users to earn virtual coins as rewards;
- All-in-one user and merchant application;
- Merchant analytics and dashboard; and
- Artificial intelligence (“AI”) powered receipt recognition.

The Company generates revenues primarily when users place an order or make a payment on the Perk Hero Platform. Merchant partners pay a commission, typically a percentage of the transaction, on orders and payments that are processed through the Perk Hero Platform. For most orders, users use a credit card to pay the Company for their items when the order is placed. For these transactions, the Company collects the total amount of the user’s order net of payment processing fees from the payment processor and remits the net proceeds to the merchant less commission and other fees.

The Perk Hero Platform was officially launched on April 2, 2020. In order to save server-hosting and maintenance costs, the Company shut down the Glance Pay® App on April 14, 2020.

### Three Year Business Development History

During our first year of operations, the Company focused on developing the user experience through the Glance Pay® App.

The Shares began trading on the Canadian Securities Exchange (“CSE”) on September 7, 2016 and on the OTCQB in the U.S. on December 15, 2016.

The Company acquired software in December 2017 from Ztodium Limited (“Ztodium”), as further discussed under the heading “*Acquisitions/Licenses Granted*” below.

On December 27, 2017, the Company completed a brokered bought deal financing involving the issuance of 3,684,000 units of the Company (the “2017 Units”) at a price of \$3.00 per 2017 Unit pursuant to an underwriting agreement with Echelon Wealth Partners Inc. and PI Financial Corp. for gross proceeds to the Company of \$11,052,000 (the “2017 Offering”). Each 2017 Unit consisted of one Share and one unit purchase warrant (each, a “2017 Unit Warrant”). Each 2017 Unit Warrant was exercisable into one unit (each, a “Subsequent Unit”) at an exercise price of \$3.84 per Subsequent Unit for a period of 12 months following the closing of the 2017 Offering. Each Subsequent Unit consisted of one Share and one Share purchase warrant exercisable at an exercise price of \$5.00 per Share expiring on one year from issuance.

On December 28, 2017, the Company incorporated Glance Coin as a wholly owned subsidiary.

On January 30, 2018, the Company announced a normal course issuer bid (“NCIB”) through the facilities of the CSE. Under the NCIB, the Company purchased and cancelled 360,000 Shares.

On February 20, 2018, the Company terminated its consulting agreement with Penny Green, pursuant to which she was providing services to the Company as President and Chief Operating Officer of the Company. Ms. Green remained a member of the Board of Directors (the “Board”) until June 12, 2018 but had no further role in the management of the Company.

On February 26, 2018, the Company adopted an Advance Notice Policy (the “Policy”). The purpose of the Policy is to provide the Company’s shareholders, directors and management with a clear framework for nominating persons for election as directors of the Company. The Policy was adopted in order to facilitate an orderly and efficient annual general or, where the need arises, special meeting, to provide all shareholders with adequate notice of director nominations and sufficient information with respect to all nominees and allow shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

In November 2018, the Company launched the Glance Pay® App to provide merchants with a suite of payment options.

During 2018, the Company built system integrations to point of sale (“POS”) systems to enable new product features. POS integrations allowed the Glance Pay® App to send and retrieve information directly to the POS, removing manual steps and enabling the Company’s technology to automatically perform such tasks as auto-closing bills, pulling bills electronically, and auto-inserting orders.

On December 20, 2018, the Company announced it had filed a provisional patent application for Blockchain technology with the U.S. Patent and Trademark Office, directed at methods, systems and techniques for cryptographic token transfers. This patent application is for a foundational technology to lower costs and improve the speed and efficiency of cryptocurrency transactions, even where the value of the transaction may be relatively small, as well as to facilitate converting between cryptocurrencies whose transactions are recorded on different blockchains. It also facilitates storing information of different sensitivity levels on differently permissioned blockchains, which can be useful when privacy is important.

In 2019, the Company developed the Real-Time Bill™ feature. Real-Time Bill™ allowed users to pay for their meals using the Glance Pay® App on their phone, by scanning a QR code or tapping via NFC chip, eliminating wait times, paper bills and payment machines.

In the second half of 2019, the Company announced several management changes and recruited new talent to the organization, to better align key talent against our most important initiatives:

- Mr. Gary Zhang joined the Company as the Chief Technology Officer, following the departure of Ms. Angela Griffin.
- Mr. Jonathan Hoyles was appointed by the Board as the interim Chief Executive Officer (“CEO”) and a director, succeeding Desmond Griffin who stepped down from these roles. Mr. Hoyles previously held the role of Chief Commercial Officer and General Counsel at the Company. In December 2019, the Company’s Board named Mr. Hoyles as CEO.
- Mr. Issa Nakhleh joined the Company as the Chief Financial Officer (“CFO”), replacing Ms. Laura Burke. Subsequent to his joining the company, Mr. Nakhleh left to pursue other opportunities.
- Ms. Tracey St. Denis joined the Company as the new CFO beginning October 1, 2019.

In July 2019, the Company welcomed Mr. Neil Crist to its Board of Advisors, to assist the Company with planning our strategy of expansion into the U.S.

In August 2019, the Company entered into an agreement with EasyPark to provide the Glance Pay® App as a mobile payment option for parking violation ticket payments.

In September 2019, the Company moved to a new, much smaller office at 555 Burrard Street in Vancouver BC, achieving a sizeable reduction in our monthly costs.

In the fall of 2019, the Company announced that it would be unveiling a new website and brand, rolling out key features of its new and improved mobile payment and loyalty infrastructure. These changes reflect the Company’s shift in strategy to move further into the customer loyalty app market and to craft a new identity that resonates with the largest mobile app adopters and consumer spending groups: Gen Z and Millennials.

On December 10, 2019, the Company announced that, subject to ratification by disinterested shareholders at the Company’s next Annual General Meeting, it adopted a restricted share unit award plan (the “RSU Plan”), to

incentivize employees and foster an ownership mentality while conserving cash. Directors and senior executives also agreed to accept a portion of their compensation in restricted share units and Shares. The RSU Plan was approved by shareholders on June 10, 2020.

On January 31, 2020, the Company closed a non-brokered private placement by issuing 3,836,845 units (“2020 Units”) at a price of CAD \$0.046 per 2020 Unit, for aggregate gross proceeds of CAD \$176,495 (the “2020 Private Placement”). Each 2020 Unit consists of one Share and one Share purchase warrant, with each warrant exercisable into one Share at a price of CAD \$0.08 per Share for 24 months from the issuance date of the 2020 Units.

In February 2020, Perk Labs changed its name from “Glance Technologies Inc.” to “Perk Labs Inc.”. Perk Hero, the Company’s operating subsidiary, changed its name from “Glance Pay Inc.” to “Perk Hero Software Inc.”. The Company also changed its stock symbol on the CSE from “GET” to “PERK”, and the symbol on the OTCQB changed from “GLNNF” to “PKLBF”. On April 29, 2020, our ticker symbol on the Frankfurt Stock Exchange changed from “GJT” to “PKLB”.

Also in February 2020, Paola Ashton transitioned from the role of Vice President Business and Client Development to a new role as an advisor to the Company.

In March 2020, the Company entered into an agreement with Alipay.com Co., Ltd. (“Alipay”), the world’s largest mobile payment platform, with 900 million Alipay users as of June 2019, to enable Alipay users to make payments on the Company’s payment platform. The Company will be harmonizing its QR codes to enable Alipay payment at Perk Hero Platform merchants. This development adds value to the Perk Hero Platform merchants, who will be better positioned to benefit from a large, new base of Alipay users who represent increased foot traffic, spending power and revenue.

In March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a global pandemic, which led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company’s merchants, user network and operations. The Company altered its operations and business plans in response to the COVID-19 outbreak. Company staff began telecommuting and participating in Web-based meetings. In response to the decrease in in-restaurant dining transactions, the Company invested in improvements to its offerings for mobile ordering and contact free payments and offered special reduced rates to support the restaurant and service industry and small businesses.

On April 2, 2020, the Company launched the Perk Hero Platform, featuring new capabilities: contactless payment using Apple Pay, Google Pay and Alipay, a gamified loyalty program; digital gift cards; payment for parking and parking tickets; eCommerce dropshipping capabilities; preorder and pick-up; and pay at the table with QR code. On April 14, 2020, the Company shut down the Glance Pay® App.

On April 23, 2020, the Company announced a delivery feature to empower merchants to offer their own delivery option. The feature provides restaurants with the ability to offer their own delivery in their desired surrounding area while rewarding their customers for their patronage and engagement.

On May 7, 2020, the Company announced that it entered into new verticals and unveiled the design of its new contact-free payment method for safe-distance payments.

In June 2020, the Company filed a Preliminary Short Form Base Shelf Prospectus in each of the provinces of Canada, and received receipt from the British Columbia Securities Commission (the “BCSC”), acknowledging the filing and receipt in each of the other provinces. The documents can be viewed at [www.sedar.com](http://www.sedar.com).

On July 17, 2020, the Company filed a Short Form Base Shelf Prospectus with the BCSC 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 an at-the-market equity program (the “2020 ATM Program”) that allows the Company to issue and sell up to \$2,000,000 of Shares of the Company from treasury to the public, from time to time, at its discretion. All Shares sold under the 2020 ATM Program were sold through the CSE, at the prevailing market price at the time of sale. Distributions of the Shares under the 2020 ATM Program were made pursuant to the terms of an equity distribution agreement dated July 28, 2020 entered into between the Company and Echelon Wealth Partners Inc.

Also in July 2020, the Company announced the appointment of Mr. Norman Tan, CFA, to the Company as its full time CFO effective July 30, 2020. Mr. Tan replaced Ms. Tracey St. Denis, who worked part-time in that role. Mr. Tan was previously the Company’s Vice President of Finance.

In August 2020, Perk announced new m-commerce features on the Perk Hero platform with the addition of support for dropshipping merchants. Perk Hero's mobile commerce capabilities, also known as mobile eCommerce or simply m-commerce, enables businesses to use the Perk Hero platform to create and manage their mobile storefront and sell their products to consumers purchasing via a mobile device.

In September 2020, Perk entered into an agreement with EasyPark to provide their customers with the convenience of paying for parking via the Perk Hero Platform, at several of EasyPark's busy parking locations in downtown Vancouver. The Perk Hero Platform offers customers a seamless and effective option to pay for parking in a safe and convenient way, while also earning loyalty rewards.

In October 2020, Mr. Daniel Zou was appointed as the Company's Chief Operating Officer. Mr. Zou was previously acting as an advisor to the Company and formerly was the Head of Business Development for Alipay Canada.

On October 29, 2020, the Company announced that it had signed an agreement with InComm Canada, a leading payments technology company, to distribute digital gift cards in Canada.

In November 2020, the Company announced that it was shifting its focus from the food and beverage vertical to: (1) mobile commerce and dropshipping; (2) merchant solutions; and (3) digital gift cards.

The directors of the Company have proposed amendments to the Company's stock option plan and restricted share unit plan related to the minimum exercise price and the total number of shares reserved for issuance under the plans. The proposed amendments are subject to ratification by disinterested shareholders at the Company's next Annual General Meeting.

Also in November, the Company engaged CHF Capital Markets, a highly-regarded Canadian investor relations and capital markets firm to handle Perk's corporate communications, shareholder relations, investment industry outreach, and social and digital marketing.

As a result of significant streamlining efforts and increased efficiencies, the Company reduced its cash used from operations. For the year ended November 2020, the Company used \$2.2 million of cash for operations compared to \$4.8 million in the prior year. Despite the lower expenditures, the Company was able to efficiently use its resources to drive research and development on the Perk Hero Platform which provides the foundation for future growth.

#### ***Subsequent to the year-ended November 30, 2020***

On January 28, 2021, the Company announced that it had built a custom app integration that connects to Shopify eCommerce sites. This integration enables Shopify merchants to quickly and easily onboard with the Perk Hero Platform through a seamless auto syncing of catalogue information such as title, inventory, pricing and order details.

On February 2, 2021, the Company announced that the Perk Hero Platform is available for customers to use in the U.S. New features in the Perk Hero Platform supporting the U.S. expansion include auto detection of the user's country on sign-up, allowing users to select country specific marketplace, multi-currency and U.S. shipping.

The Company completed the 2020 ATM Program on February 10, 2021. Pursuant to the 2020 ATM Program, 25,086,000 Shares were issued for aggregate gross proceeds of approximately \$2,000,000. The Company used the net proceeds from the 2020 ATM Program for investment in sales and marketing initiatives to attract and sign up restaurants to the Perk Hero Platform. In addition to sales and marketing initiatives, the Company also invested in the Perk Hero Platform through a series of build-measure-learn iterations to move beyond the restaurant vertical. This diversification included the addition of digital gift cards in Canada, eCommerce functionality and multicurrency functionality. The remainder of funds were used for general working capital purposes.

On February 17, 2021, Perk announced that it established a new at-the-market equity program (the "2021 ATM Program"), that allows the Company to periodically issue and sell up to \$4,000,000 worth of Shares in the capital of the Company from treasury to the public, at the Company's discretion. All Shares sold under the 2021 ATM Program are sold through the CSE at the prevailing market price at the time of sale. Distributions of the Shares under the 2021 ATM Program are made pursuant to the terms of an equity distribution agreement dated February 17, 2021 entered into between the Company and Echelon Wealth Partners Inc.

On February 25, 2021, Euro Asia Pay Holdings Inc. ("Euro Asia Pay") completed its initial public offering of shares at a price to the public of \$0.25 per share. Perk Labs owns 8,500,000 shares in Euro Asia Pay which it received as part of a licensing agreement dated October 14, 2017, as amended on September 30, 2018 (the "EAP Agreement"). Euro Asia Pay shares are subject to both a pooling and an escrow agreement pursuant to which 425,000 shares were released on the date of the initial public offering, 637,500 shares will be released in August 2021, 2,337,500 shares

will be released in February 2022 and the remaining 5,100,000 shares will be released in 1,275,000 share tranches every six months starting in August 2022.

In March 2021, the Company launched a new web app located at perkhero.com (for the U.S. market) and perkhero.ca (for the Canadian market) to enable users to make purchases and receive rewards using their desktop or mobile web browser. This new web app syncs directly with the Perk Hero database and allows for a true omnichannel experience. Furthermore, it allows the Company to build a large web presence that will help with search engine optimization and marketing campaigns.

Also in March 2021, the Company signed an agreement with InComm Payments, a leading payments technology company, to distribute digital gift cards in the U.S.

### ***Future Objectives***

For the upcoming year, the Company intends to continue to roll out improvements to the platform with a focus on optimizing its omnichannel experience across the U.S. and Canada. In addition to continued product improvements, the Company intends to increase its marketing efforts that will enable it to onboard additional merchants and users.

The Company's strategic priorities for 2021 include:

- Investments into sales and marketing to drive significant merchant and user growth on the Perk Hero Platform.
- Continued development of the Perk Hero product through a series of build-measure-learn iterations and expanding upon its omnichannel commerce capabilities.
- Continued development of its m-commerce capabilities to provide businesses with additional channels to market and sell their products.
- Developing its communication strategies that speak to key customers with focused messages in the relevant channels in addition to addressing broader brand communications.
- Continue to add useful spending tools to our roadmap that build upon our existing platform, including enabling customers to make purchases using digital wallets and cryptocurrency.

As well, we are always looking at new opportunities to expand our operations. While our present liquid resources in cash and marketable securities are available to fund our Company, we are also always alert to partnership, joint ventures, and acquisition opportunities.

### ***Acquisitions/Licenses Granted***

#### Licensing Agreement with Better Plant Sciences Inc. ("BPS")

On May 29, 2017, the Company, through Perk Hero, entered into a licensing agreement (the "BPS Licensing Agreement") with BPS. Pursuant to the BPS Licensing Agreement, the Company granted BPS a worldwide, non-exclusive license to use its intellectual property to make, market and sell a mobile payment app designed for legal marijuana purchase and delivery (the "BPS License"). The BPS Licensing Agreement was amended and restated on May 31, 2017 to reflect the occurrence of certain events. On December 3, 2017, the BPS License was further amended to extend the license granted by Perk Hero to two of BPS's wholly owned subsidiaries (Super Dope Delivery Inc. and Juve Wellness Inc.).

The BPS License had an initial term of one year and was automatically renewable for up to 50 additional one-year terms for \$10,000 per annum. As consideration for the BPS 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 in cash on May 31, 2017;
- \$200,000 in cash on June 20, 2017; and
- \$612,500 in 2,450,000 common shares of BPS ("BPS Shares") on November 28, 2017.

Pursuant to the terms of the BPS Licensing Agreement, on May 31, 2017 and June 20, 2017, the Company acquired 8,000,000 BPS Shares. This was in addition to 2,450,000 BPS Shares acquired on November 28, 2017. The Company's cost amount for the BPS Shares was subsequently written down to \$Nil when proportional losses were attributed from BPS to the Company. On June 4, 2018, BPS split the BPS Shares on the basis of two for one, increasing the Company's holdings in BPS to 20,900,000 BPS Shares.

In November 2018, the Company and BPS entered into an agreement to amend and restate the BPS Licensing Agreement whereby the two parties agreed to reduce the scope of the license and removed the obligations of the Company to provide products or services to BPS going forward (the “Amended and Restated Licensing Agreement”). The Amended and Restated Licensing Agreement has a termination date of May 29, 2021. Pursuant to the Amended and Restated Licensing Agreement, the Company returned 11,900,000 BPS Shares to BPS for cancellation in exchange for the issuance of 6,000,000 warrants to purchase BPS Shares (“BPS Warrants”) with a five-year term at an exercise price of \$0.50 per BPS Share. As at the date hereof, the Company holds less than 20% of the issued and outstanding BPS Shares and has no participation in the operations of BPS. Pursuant to the Amended and Restated Licensing Agreement, the Company agreed not to sell more than 20,000 of its BPS Shares in a single trading day upon BPS listing on a Canadian stock exchange which occurred on December 14, 2018 when BPS became listed on the CSE. Further, the Company and BPS entered into a separate release and settlement agreement pursuant to which both the Company and BPS release each other from certain obligations and legal claims.

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). 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.

The Company’s BPS Shares are subject to an escrow agreement entered into among the Company, BPS and the Transfer Agent dated November 2, 2018 as required by National Policy 46-201 – *Escrow for Initial Public Offerings*, in connection with BPS’s initial public offering and listing on the CSE. 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.

#### Asset Purchase Agreement with Ztudium

On December 6, 2017, the Company purchased Blockimpact software from Ztudium. The Company acquired all of the intellectual property comprising the Blockimpact software. The consideration for the acquisition was a cash payment to Ztudium by the Company of US\$1,100,000.

#### Agreement with Fobisuite Technologies Inc. (“Fobisuite”)

On January 22, 2018, the Company announced a short form agreement with Fobisuite (the “Fobisuite Agreement”) which included the grant of a license from the Company and Fobisuite to a newly-created company Fobi Pay. The Fobisuite Agreement was amended and restated on May 3, 2019 to substitute a new entity, Converge, for Fobi Pay (the “Amended and Restated Fobisuite Agreement”).

Pursuant to the Amended and Restated Fobisuite Agreement, Fobisuite has granted the Company a non-exclusive license to use Fobisuite’s technology which allows for the digitization of receipts for data collection and the ability to customize and append receipts with advertisements, deals and coupons for merchants in the hospitality industry. This technology platform will allow us to bypass traditional integrations with POS systems to access order payment information, improving our offering to both consumers and merchants in situations where integrations may not be feasible.

The following are the material terms of the Amended and Restated Fobisuite Agreement:

- Fobisuite granted the Company a non-exclusive license to certain technology for an initial term of ten years with perpetual subsequent one-year renewal terms.
- \$250,000 in cash and 250,000 Shares were released from escrow by the Company to Fobisuite on closing of the transaction in May 2019. \$750,000 had previously been paid by the Company to Fobisuite upon the signing of the Fobisuite Agreement.



Pursuant to the Amended and Restated Fobisuite Agreement, the Company, through Perk Hero, entered into a separate license and distribution agreement with Converge pursuant to which Converge has the right to sell Glance Pay® App technology. Converge has also entered into a separate license and distribution agreement pursuant to which Kinect Technologies Inc. (“Kinect”), a company independent of Fobisuite and Fobi Pay, granted Converge the right to sell certain technology that has been licensed to Kinect, in exchange for shares of Converge. 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, through Perk Hero, indirectly owns 49% of the common shares of Converge and Kinect owns the remaining 51% of Converge.

The Company entered into a marketing and business development agreement with Rob Anson, CEO of Fobisuite to grow the Company’s current distribution network by making introductions to Fobisuite’s current technology partners. The Company also entered into an advisory agreement with Reo Kobayashi, CEO of Kinect, pursuant to which Mr. Kobayashi has been granted incentive stock options to purchase Shares.

#### License Agreement - Euro Asia Pay

On October 14, 2017, Perk Hero signed the EAP Agreement with Euro Asia Pay. Pursuant to the EAP Agreement, Perk Hero granted Euro Asia Pay a worldwide, non-exclusive license to use Perk Hero's intellectual property in North America to make, market and sell a mobile payment application intended for new residents to North America or tourists visiting North America from Asia or Europe.

In October 2017, the Company, through Perk Hero, received \$250,000 upon signing the EAP Agreement. November 2017, pursuant to the EAP Agreement, Euro Asia Pay issued 8,500,000 common shares at a fair market value of \$595,000 to the Company, in satisfaction of Euro Asia Pay’s obligation to pay for an element of licensing, design of the app, and marketing. On September 30, 2018, the EAP Agreement was amended to reflect that that, among other things, Perk Hero had delivered and Euro Asia Pay had received certain in-kind services from Perk Hero in full consideration for shares issued to Perk Hero and that no further services shall be required to be performed by Perk Hero.

During the year ended November 30, 2020, the Company recorded an impairment loss of \$Nil (November 30, 2019 - \$493,000) on the shares of Euro Asia Pay.

On February 25, 2021, Euro Asia Pay completed its initial public offering of shares at a price to the public of \$0.25 per share.

#### License Agreement - Loop Insights Inc. (“Loop”)

On January 4, 2018, BPS signed a definitive agreement for licensing and product pre-sales with Loop (formerly Big Cannabis Data) (the “Loop Agreement”).

Pursuant to the Loop Agreement, BPS sublicensed the Glance Pay® App technology to Loop (the “Loop Sublicense”), as permitted under the BPS Licensing Agreement, for \$2,000,000 for a one year license, payable in 8,000,000 common shares of Loop (“Loop Shares”) at a fair value of \$0.25 per Loop Share, of which 4,000,000 Loop Shares were paid to the Company as a sublicense royalty pursuant to the terms of the BPS Licensing Agreement (the “Sublicense Royalty Payment”). The Loop Sublicense was renewable for \$10,000 per year. On February 6, 2018, the 4,000,000 Loop Shares were transferred by BPS to the Company.

During the year ended November 30, 2018, the Company recognized revenue of \$1,000,000 from Loop in connection with the Sublicense Royalty Payment. In November 2018, pursuant to the Amended and Restated Licensing Agreement, the Loop Sublicense was effectively cancelled, and the Company entered into a more limited scope agreement directly with Loop to license the Glance Pay® App technology to Loop (the “Loop Direct Agreement”). The Company received 1,000,000 Loop Shares at a fair value of \$0.25 per share of Loop in connection with the Loop Direct Agreement, and the Company returned the 4,000,000 Loop Shares previously received by the Company pursuant to Sublicense Royalty Payment to Loop for cancellation.

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 under the ticker symbol “MTRX”.

## DESCRIPTION OF BUSINESS

### General

The Company, through its wholly-owned subsidiary Perk Hero, owns and operates the Perk Hero Platform, a two-sided online marketplace that connects consumers with specialty sellers and popular digital gift cards through an all-in-one omnichannel ordering, payment, and customer loyalty platform (“Perk Hero Platform”).

The Company’s principal business is to operate the Perk Hero Platform. The Company launched its Glance Pay application during August 2016 and officially launched Perk Hero on April 2, 2020. In addition to the services provided to merchants, the Company also sells consumer products and digital gift cards through its application and website.

Our mission is to make shopping and dining experiences more engaging, convenient and rewarding. Our vision is to be the dominant mobile-first digital loyalty platform in North America.

### Our Products and Services

Perk Hero is a two-sided online marketplace that connects consumers with specialty sellers and popular digital gift cards through an all-in-one omnichannel ordering, payment, and customer loyalty platform. The Perk Hero Platform replaces the Company’s previous mobile payment product, the Glance Pay® App. The Perk Hero Platform enables merchants to provide their customers with pre-order and pick-up capabilities, quick secure contactless payments, digital rewards, and a better, more engaging and convenient customer experience.

### Platform Features and Functionality

The Perk Hero Platform is built on a new and advanced technology stack using both the Amazon Web Service (AWS) and the Azure non-relational database and React Native mobile application framework. While it includes some of the best features of our previous app, Glance Pay, such as the ability to make quick secure payments by QR code or paying by photo, it also includes many new advanced features such as:

- Apple Pay integration;
- Google Pay integration;
- Mobile pre-order;
- Powerful, gamified loyalty reward platform allowing users to earn virtual coins as rewards;
- All-in-one user and merchant application;
- Merchant analytics and dashboard;
- Artificial intelligence powered receipt recognition;
- Order from Table feature; and
- Custom app integration that connects with the Shopify eCommerce platform.

The Company relies on third-party off-the shelf technology as well as internally developed and proprietary products and systems to ensure rapid, high-quality customer care, software development, website integration, updates and maintenance.

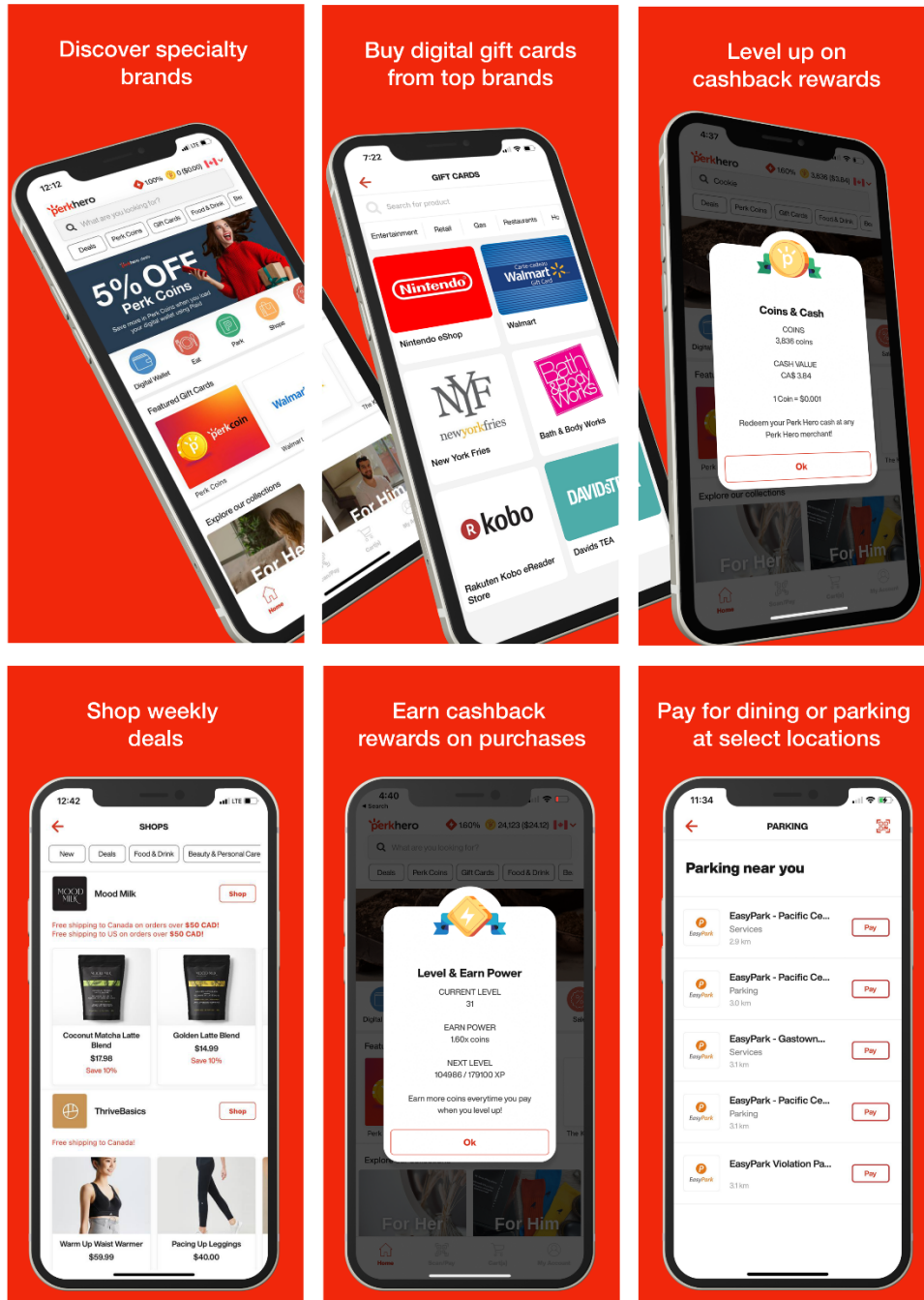
### *Perk Hero Security*

We have engineered the Perk Hero Platform with security in mind at all times. The Perk Hero Platform includes a variety of encryption, antivirus, multi-factor authentication, firewall and patch-management, technology to protect and maintain systems and computer hardware across the business. We built the Perk Hero Platform in accordance with best practices of the Payment Card Industry Data Security Standard (“PCI DSS”) which was developed by the Payment Card Industry to enhance cardholder data security and facilitate the broad adoption of consistent data security measures globally. In addition to PCI DSS, we and our customers are subject to regulations related to privacy, data use and security in the jurisdictions in which we do business. For example, in Canada, we are subject to the *Personal Information Protections and Electronic Documents Act* (Canada) (“PIPEDA”) and the *Personal Information Protection Act* (British Columbia) (“PIPA”). For more detail on PIPEDA and PIPA and our regulatory requirements, please see “*Government Regulation*”. We have taken steps to comply with PIPEDA and PIPA, including appointing a privacy officer and establishing privacy complaint procedures.

The Perk Hero Platform icon is as follows:



Examples of current screens and features of the Perk Hero Platform are as follows:



### *Benefit to Users*

The Perk Hero Platform makes users' shopping and dining experiences more engaging, convenient and rewarding. Every time a user pays with the Perk Hero Platform, they earn "cash back" in the form of coins and experience points towards "leveling up" to increase their reward earning power. The Perk Hero Platform uses game design elements to engage customers, build loyalty and incentivize them to pre-order from home, make quick and secure contactless mobile payments in-store, and earn instant rewards. The Perk Hero Platform coins earned by users can be redeemed at any Perk Hero Platform location at the sole discretion of the user.

Another benefit of using the Perk Hero Platform is that users can pay from a safe physical distance when making in-store purchases – this is of particular importance given the current COVID-19 pandemic. Further, the Perk Hero Platform also automatically calculates the gratuity applicable to a user's purchase and keeps a digital online record of the user's receipts to facilitate expense tracking.

### *Benefit to Merchants*

The Perk Hero Platform provides merchants with the tools to bring in additional revenue and increase operational efficiency. Available for quick download in android and "iOS", an operating system used for mobile devices manufactured by Apple, merchants can quickly and easily onboard within the Perk Hero Platform and gain access to a streamlined merchant dashboard, and create new customer communications, menus and customer incentives.

## **Sales, Distribution and Pricing**

### Revenue Model

In the financial year ended November 30, 2020, the Company had revenue of \$63,896 which was comprised of \$11,481 in transaction fees and \$52,416 from the sale of products. For the financial year ended November 30, 2019, the Company had revenue of \$32,093 which consisted of transaction-related fees. The Company plans to generate revenue through the Perk Hero Platform from a combination of ordering fees, transaction fees, advertising fees, SaaS fees, and fees for premium features.

We are committed to improving the user experience through continuous creative innovation and new product development. Over time, we expect that increasing usage of the Perk Hero Platform, combined with new features, will deliver a growing stream of monthly revenue from merchants through a tiered SaaS subscription model. This will be in addition to our ability to generate new revenue from transactions, advertising, promotions, and merchant and consumer fees for premium features.

## **Technology and Development**

We believe that the key to our success is our relationship with our merchants and users and we are constantly working to improve those relationships. Based on feedback from our merchants and users, we are continuously innovating and updating our products to improve our customer experience. We encourage all of our employees to regularly shop from our merchants and communicate to the rest of our organization how our business is working. We have assembled a team of software engineers and designers who have made investments in the development of the Perk Hero Platform, and we intend to utilize their expertise to continue developing and upgrading the Perk Hero Platform. The Company relies on third-party off-the-shelf technology as well as internally developed and proprietary products and systems to ensure rapid, high-quality customer care, software development, website integration, updates and maintenance.

## **Specialized Skill and Knowledge**

The nature of our business requires specialized knowledge and technical skill around app security, payment processors, the mobile space, app volume capabilities, marketing, design and content creation, and programming. Our research and development team, led by our CTO, Gary Zhang, has expertise in the areas of app security, payment processors, the mobile space, app volume capabilities and programming.

## **The Market for eCommerce**

Consumers spent \$861.12 billion online with U.S. retailers in 2020, up 44.0% from \$598.02 billion in 2019, according to the latest Digital Commerce 360 analysis. Online spending represented 21.3% of total retail sales last year, compared with 15.8% the year prior.

Changing consumer spending habits as a result of the coronavirus pandemic contributed to the spike in eCommerce sales last year, as statewide lockdowns and fear of contracting the virus kept consumers out of physical stores. According to Digital Commerce 360 estimates, COVID-19-related boosts in online shopping resulted in an additional \$174.87 billion in eCommerce revenue in 2020. If it were not for the bump in online sales from the pandemic, the \$861.12 billion in eCommerce sales would not have occurred until 2022.

According to a report from eMarketer, it is estimated that worldwide eCommerce sales will reach \$5 trillion by 2022, and \$6 trillion will be reached by 2024.

### **The Market for Digital Gift Cards**

According to the report published by Allied Market Research, the global gift cards market generated \$619.25 billion in 2019, and is estimated to reach \$1,922.87 billion by 2027, representing a CAGR of 15.4% from 2020 to 2027.

### **The Market for Mobile and Contactless Payments**

The global mobile payment market was worth US\$881 billion in 2018. Allied Market Research projects the mobile payment market to reach \$4,574 billion by 2023, growing at a CAGR of 33.8% from 2017 to 2023.

Nearly 35 percent of Canadians have used their mobile device for contactless payments on a regular basis in 2018. A total of 4.1 billion contactless transactions worth \$129.9 billion were made, an increase of almost 30 percent in 2018 compared to 2017, in terms of both volume and value.

### **The Market for Customer Loyalty**

As reported by LoyaltyOne, loyalty is no longer just frequent flyer programs and hotel rewards programs. Amazon Prime, Costco memberships and other programs have extended customers' willingness to loyally attach themselves to certain brands. Many companies today are rushing to adapt their business models for the digital world, driven by eCommerce, app adoption, Facebook, Amazon and Alibaba. The market size of the loyalty customer ecosystem was estimated by Loyalty One to be as follows:

- \$75B – Loyalty management – all tools that retailers use to create customer loyalty, including rewarding customers with discounts, merchandise or points that can be exchanged for rewards.
- \$46B – Tech and transaction enablers – the ecosystem requires tech developments like POS and payment, and eCommerce in order to enable a seamless, end-to-end, unified shopping experience.
- \$51B – CRM – strategies and execution across multiple channels to identify, activate and grow customers at-scale.
- \$151B – Customer engagement – ad-tech and large social media platforms like Facebook and Google that attract impressions and generate awareness.

### **Marketing and Sales Plan**

Maintaining and promoting awareness of our marketplaces and services is important to our ability to attract and retain sellers and buyers. One of the key parts of our strategy for the Perk Hero marketplace is to bring more new buyers to the marketplace and create more habitual buyers by inspiring more frequent purchases across multiple categories and purchase occasions. We continue to iterate on and invest in our marketing strategies.

Our marketing efforts currently include search engine optimization, search engine marketing, affiliate marketing, display advertising, as well as social media, mobile push notifications, and email marketing. We also engage with key opinion leaders and influencers as part of our marketing efforts.

We plan to continue to attract and sign up new sellers to the Perk Hero Platform through a combination of outbound efforts by our sales team using data, technology and inbound sales.

Our sales team is compensated through a combination of salary and commission for each new merchant that signs up and launches the Perk Hero Platform at their respective locations.

The Company's sales team adds new merchant partners to the network by emphasizing the Perk Hero Platform's low risk, high return proposition: providing more orders and attracting new customers, and at a per transaction fee that is at a favourable price point compared to the competition. In addition, we differentiate ourselves by offering transparent pricing, no long-term contracts, and our ability to innovate and expand access to traditionally unserved or underserved merchants.

Our marketing efforts towards user adoption is targeted at the Gen Z and Millennial demographics. McKinsey & Company and ComScore estimate that:

- Gen Z will account for 40% of global consumers in 2020.
- Millennials are three times more likely to be excited about new mobile apps and features than older users.
- More than 2 out of 3 Millennials say they are always looking for new apps and wish they could do more with the apps they already have.
- 66% of Millennial digital media time is using smartphone apps.

To increase merchant and user adoption, we will be employing the following growth strategies and tactics:

In-App:

- Referral incentives
- Promotions
- Fine-tune our product and develop new features to enhance user acquisition

Online advertising:

- Social media influencers
- Video (TikTok, YouTube)
- Geo-targeted ads
- Search engine optimization
- Online articles
- Blogs
- Content marketing

Print advertising:

- Posters
- Sales materials

Events/Guerilla Marketing:

- Media coverage
- Contests

Customer Experience:

- By meeting and exceeding the expectations of both merchants and users through in-app experiences and customer service, the Company seeks to gain their loyalty and support for the Platform.

## **Competition**

We compete in markets characterized by vigorous competition, changing technology, changing customer needs, evolving industry standards, and frequent introductions of new products and services. We expect competition to intensify in the future as existing and new competitors introduce new services or enhance existing services.

Operating an eCommerce marketplace is highly competitive and we expect competition to increase in the future. To be successful, we need to attract and retain sellers and buyers. As a result, we face competition from a wide range of online and offline competitors.

We compete for sellers with marketplaces, retailers and companies that sell software and services to small businesses. For example, in addition to listing her goods for sale on Perk Hero, a Perk Hero seller can list her goods with other online retailers, such as Etsy, Amazon, eBay, Google, or Alibaba, or sell her goods through other venues or marketplaces, including through commerce channels on social networks like Facebook, Instagram, and TikTok. She may also sell wholesale directly to traditional retailers, including large national retailers, who discover her goods in our marketplaces or otherwise.

We also compete with companies that sell software and services to small businesses, enabling a seller to sell from her own website or otherwise run her business independently of our platform, or enable her to sell through multiple channels, such as BigCommerce, Wix, and Shopify.

In addition, we compete with retailers for the attention of buyers. A buyer has the choice of shopping with any online or offline retailer, including large eCommerce marketplaces, such as Etsy, Amazon, eBay, or Alibaba, Walmart, social commerce channels like Instagram or Facebook, event-driven, resale commerce and streaming video commerce sites and apps, and other venues or marketplaces. Many of these competitors offer low-cost or free shipping, fast shipping times, favorable return policies, and other features that may be difficult or impossible for our sellers to match. As pandemic-related restrictions on movement ease, competition may intensify as buyers return to traditional brick and mortar retail stores.

Our current and future competitors may enjoy competitive advantages, such as greater name recognition, longer operating histories, greater market share in certain markets, larger existing user bases in certain markets, and substantially greater financial, technical and other resources than we have. Mergers and acquisitions by these companies may lead to even larger competitors with more resources.

These competitors have and may continue to introduce new products with competitive price and performance characteristics and they may undertake more aggressive marketing campaigns than ours. Large internet companies with substantial resources, users and brand power also compete with us.

We also face competition and potential competition from:

- payment services targeting users of social networks, including those offering billing to the consumer's mobile phone account;
- mobile payment services between bank accounts; and
- online shopping services that provide special offers linked to a specific payment provider.

If we are not able to differentiate our business from those of our competitors, drive value for customers and merchants, or effectively align our financial and operations resources with our goals and objectives, we may not be able to compete effectively against our competitors. If we fail to compete effectively against our competitors, our business and profitability may be adversely affected.

We are able to compete for buyers based on the unique goods that sellers list in our marketplaces, our brand awareness, customer service, our reputation for trustworthiness, our mobile apps, the availability of fair and free shipping offered by sellers, ease of payment, and the availability and reliability of our platform. We believe that our innovative all-in-one ordering, contact-free payments and loyalty rewards platform enables us to provide customers with an integrated and seamless shopping experience, which can help us gain insights into our customers buying patterns and more accurately market to them with personalized offers. We believe that the loyalty and gamification aspects of our product, the strong brand we are developing, and our talented and diverse team will provide us with significant competitive advantages over current and future competitors.

## **Government Regulation**

Government regulation impacts key aspects of our business. We are subject to regulations that affect the payments industry in the markets in which we operate or plan to operate.

### *Privacy*

We are subject to regulations around the payments industry, as well as personal privacy laws. We are subject to the *Electronic Transactions Act*, SBC 2001, which governs the legality and enforceability of electronic transactions taking place inside of British Columbia. Federally, we are subject to PIPEDA and PIPA. Some other provinces have personal information protection acts as well, which apply instead of PIPEDA and PIPA to the extent that the information is acquired, used or disclosed within that province. PIPA describes how all private sector organizations must handle the personal information of the public (our users). Under PIPEDA and PIPA, businesses are made accountable for the personal information under their control. Businesses must, among other things: limit the collection of personal information to that which is necessary for their purposes; protect the privacy of any personal information under their control; designate a privacy officer for the company; establish procedures to handle privacy complaints or inquiries; obtain consent from an individual before the business collects, uses or discloses his or her personal information; and only use or disclose personal information for reasonable purposes that are appropriate in the circumstances and for the purpose according to which the personal information was collected. We have taken steps to comply with PIPEDA and PIPA, as well as any other applicable provincial privacy legislation, including appointing a privacy officer and establishing privacy complaint procedures.

### *Payments Regulation*

Various laws and regulations govern the payments industry in Canada, the U.S. and globally. For example, certain jurisdictions in the U.S. require a license to offer money transmission services. Our payments services may be or may become subject to regulation by other authorities, and the laws and regulations applicable to the payments industry in any given jurisdiction are always subject to interpretation and change.

### *Anti-Money Laundering (“AML”)*

We are subject to AML laws and regulations in Canada, the U.S. and other jurisdictions. We have implemented an AML program designed to prevent our payments network from being used to facilitate money laundering, terrorist financing, and other illicit activity. Our program is also designed to prevent our network from being used to facilitate business in countries, or with persons or entities, included on designated lists promulgated by the U.S. Department of the Treasury’s Office of Foreign Assets Control and equivalent applicable foreign authorities. Our AML compliance program includes policies, procedures, reporting protocols, and internal controls, including the designation of a compliance officer, and is designed to address these legal and regulatory requirements and to assist in managing risk associated with money laundering and terrorist financing.

### *Communications Regulation*

We send texts, emails, and other communications in a variety of contexts, such as when providing digital receipts. Communications laws and regulations, including those promulgated by the Canadian Radio-television and Telecommunications Commission in Canada and the Federal Communications Commission in the U.S. may apply to certain aspects of this activity.

### *Additional Regulatory Developments*

Various regulatory agencies also continue to examine a wide variety of issues, including virtual currencies, identity theft, account management guidelines, privacy, disclosure rules, security and marketing that would impact the Perk Hero Platform.

## **Intangible Properties**

We rely on intellectual property laws, confidentiality agreements, contractual provisions and similar measures to protect our intellectual property. Our contracted service providers and members of management are required to sign agreements acknowledging that all intellectual property created by them on our behalf is owned by us. The following is a summary of the intellectual property that we have acquired to date.

### Patent & Trademark applications

On March 31, 2016, we filed a first provisional patent application in the U.S. directed to our wireless electronic transaction system. On March 28, 2017, we filed a non-provisional patent application for this invention in the U.S., and on March 30, 2017, we filed a patent application for this invention in Canada, both of which claim the provisional patent priority date of March 31, 2016. The U.S. non-provisional patent application has since been abandoned. The Canadian patent application remains pending.

On March 16, 2017, we filed a second provisional patent application in the U.S. directed to our wireless system for bill payment using short distance positioning systems. An international Patent Cooperation Treaty (“PCT”) application claiming priority to the second provisional patent application was filed March 12, 2018. The PCT application has now been converted into national/regional patent applications in the U.S., Canada, Australia and Europe (before the European Patent Office), thereby establishing rights in key jurisdictions throughout the world, and is intended to provide significant commercial protection for the Company’s technologies. The U.S., Canadian, Australian and European patent applications remain pending.

On September 18, 2017, we filed a third provisional patent application in the U.S. directed to an invention which allows orders and payments initiated from traditional websites on any platform to be secured via mobile devices utilizing anti-fraud technology. A PCT application claiming priority to the third provisional patent application was filed September 18, 2018. The PCT application has now been converted into national/regional patent applications in the U.S. and Canada, thereby establishing rights in key jurisdictions throughout the world, and is intended to provide significant commercial protection for the Company’s technologies. The U.S. and Canadian patent applications remain pending.



In December 2018, we filed a fourth provisional patent application in the U.S. for Blockchain technology, directed at methods, systems and techniques for cryptographic token transfers. This patent application is for a foundational technology to lower costs and improve speed and efficiency of cryptocurrency transactions, even where the value of the transaction may be relatively small, as well as to facilitate converting between cryptocurrencies whose transactions are recorded on different blockchains. It also facilitates storing information of different sensitivity levels on differently permissioned blockchains, which can be useful when privacy is important.

The Company anticipates that it will continue to file additional patent applications as it continues to develop its innovative technology. There can be no assurance that our patent applications will be granted, and it often takes a number of years before a patent application is approved.

On September 21, 2016, we filed a trademark application in Canada for the mark “GLANCE PAY®”. On March 8, 2019, the GLANCE PAY® trademark was registered in Canada.

On December 12, 2019, we filed the application for the mark “PERKHERO” in Canada, and on May 4, 2020, the application for the mark “PERKHERO” was filed in the U.S.

Despite our efforts to protect our intellectual property, unauthorized persons may attempt to obtain our intellectual property and others may develop similar intellectual property independently.

## **Employees**

As of November 30, 2020, the Company had 17 employees.

## **Cycles**

In metropolitan markets, the Company may experience a relative increase in diner transactions from May to August and a decrease in the month of January. In addition, the Company may benefit from increased order volumes in campus markets when school is in session and experience a decrease in order volumes when school is not in session (during summer breaks and other vacation periods).

## **RISK FACTORS**

*Investing in Shares involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this AIF, before deciding whether to invest in Shares. The occurrence of any of the events or developments described below could harm our financial condition, results of operations, business and prospects. In such an event, the market price of Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may have similar adverse effects on us.*

### **Risks Related to Our Business**

#### **Negative Cash Flow**

The Company has a limited history of operations, and no history of earnings, cash flow or profitability. The Company has had negative operating cash flow since the Company’s inception, and the Company will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability or that additional funding will be available for operations.

#### *Requirement to Attract and Retain Merchants and Users to the Perk Hero Platform*

Our continued success will depend on our ability to continue to sign up new merchants and users to the Perk Hero Platform, and to generate new and frequent business to merchants that are signed up to use the Perk Hero Platform. No assurance can be given that we will be able to procure a sufficient number of merchants and users to the Perk Hero Platform to reach profitability or continue offering the Perk Hero Platform.

#### *Effectiveness and Efficiency of Advertising and Promotional Expenditures*

Our future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including our ability to (i) create greater awareness of our technology and services, (ii) determine the appropriate creative message and media mix for future advertising expenditures, and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that

advertising and promotional expenditures will result in revenues in the future or will generate awareness of our technologies or services. In addition, no assurance can be given that we will be able to manage our advertising and promotional expenditures on a cost-effective basis.

### *Maintaining and Promoting Our Brand*

We believe that maintaining and promoting our brand is critical to expanding our customer base. Maintaining and promoting our brand will depend largely on our ability to continue to provide useful, reliable and innovative services, which we may not do successfully. We may introduce new features, products, services or terms of service that our customers do not like, which may negatively affect our brand and reputation. Maintaining and enhancing our brand may require us to make substantial investments, and these investments may not achieve the desired goals. If we fail to successfully promote and maintain our brand or if we incur excessive expenses in this effort, our business and operating results could be adversely affected.

### *Competition*

We compete in markets characterized by vigorous competition, changing technology, changing customer needs, evolving industry standards, and frequent introductions of new products and services. We expect competition to intensify in the future as existing and new competitors introduce new services or enhance existing services.

Operating an eCommerce marketplaces is highly competitive and we expect competition to increase in the future. To be successful, we need to attract and retain sellers and buyers. As a result, we face competition from a wide range of online and offline competitors.

We compete for sellers with marketplaces, retailers and companies that sell software and services to small businesses. For example, in addition to listing her goods for sale on Perk Hero, a Perk Hero seller can list her goods with other online retailers, such as Etsy, Amazon, eBay, Google, or Alibaba, or sell her goods through other venues or marketplaces, including through commerce channels on social networks like Facebook, Instagram, and TikTok. She may also sell wholesale directly to traditional retailers, including large national retailers, who discover her goods in our marketplaces or otherwise.

We also compete with companies that sell software and services to small businesses, enabling a seller to sell from her own website or otherwise run her business independently of our platform, or enable her to sell through multiple channels, such as BigCommerce, Wix, and Shopify.

In addition, we compete with retailers for the attention of buyers. A buyer has the choice of shopping with any online or offline retailer, including large eCommerce marketplaces, such as Etsy, Amazon, eBay, or Alibaba, Walmart, social commerce channels like Instagram or Facebook, event-driven, resale commerce and streaming video commerce sites and apps, and other venues or marketplaces. Many of these competitors offer low-cost or free shipping, fast shipping times, favorable return policies, and other features that may be difficult or impossible for our sellers to match. As pandemic-related restrictions on movement ease, competition may intensify as buyers return to traditional brick and mortar retail stores.

Our current and future competitors may enjoy competitive advantages, such as greater name recognition, longer operating histories, greater market share in certain markets, larger existing user bases in certain markets and substantially greater financial, technical and other resources than we have. Mergers and acquisitions by these companies may lead to even larger competitors with more resources.

These competitors have and may continue to introduce new products with competitive price and performance characteristics and they may undertake more aggressive marketing campaigns than ours. Large internet companies with substantial resources, users and brand power also compete with us.

We also face competition and potential competition from:

- online food ordering businesses;
- payment services targeting users of social networks, including those offering billing to the consumer's mobile phone account;
- mobile payment services between bank accounts; and
- online shopping services that provide special offers linked to a specific payment provider.

If we are not able to differentiate our business from those of our competitors, drive value for customers and merchants, or effectively align our financial and operations resources with our goals and objectives, we may not be able to compete effectively against our competitors. If we fail to compete effectively against our competitors, our business and profitability may be adversely affected.

#### *Changing Consumer Preferences*

As a result of changing consumer preferences, many internet websites and apps are successfully marketed for a limited period of time. Even if our products become popular, there can be no assurance that any of our products will continue to be popular for any significant period of time. If demand for our services decreases, our profitability would be negatively impacted. Our success will be dependent upon our ability to develop new and improved product lines. Even if we are successful in developing the Perk Hero Platform, a failure to continue to update the app with compelling content or a subsequent shift in the payment preferences of consumers or merchants could cause a decline in our products' popularity that could reduce our revenues and harm our business, operating results and financial condition. Our failure to introduce new features and product lines and to achieve and sustain market acceptance could result in us being unable to continually meet consumer preferences and generate significant revenues. Further, if our merchants make fewer sales of their products and services, we will have fewer transactions to process and likely fewer users of our apps, resulting in lower revenue. Any decrease in the demand for our products and services could have a material adverse effect on our profitability and operations.

#### *Response to Technological Developments*

Our future success will depend in part on our ability to modify or enhance our products to meet consumer needs, add functionality and address technological developments. Technological advances in the handheld device industry may lead to changes in our customers' requirements, and to remain competitive, we will need to continuously develop new or upgraded products that address these evolving technologies. Mobile devices are continually evolving, and we may lose customers if we are not able to continue to meet our customers' mobile and multi-screen experience expectations. The variety of technical and other configurations across different mobile platforms increases the challenges associated with evolving technology. If we are unsuccessful in identifying new product opportunities or in developing or marketing new products in a timely or cost-effective manner, or if our product developments do not achieve the necessary market penetration or price levels to be profitable, our business and operating results could be adversely affected.

#### *Sales Reporting and Record-Keeping Obligations*

If we begin operating in foreign countries, one or more provinces, the federal government, or foreign countries may seek to impose reporting or record-keeping obligations on companies that engage in or facilitate mobile payments. Such obligations could be imposed by legislation intended to improve tax compliance or may be imposed if we are deemed to be the legal agent of our merchants by a jurisdiction in which we operate. We may be required to modify our software to meet these requirements and expect increased operational costs and changes to our customer experience in connection with complying with these reporting obligations. Any failure by us to comply with these and similar reporting and record-keeping obligations could result in substantial monetary penalties and other sanctions and could harm our business.

#### *Chargeback Risk*

There is a risk that we will be subject to covering the cost of significant chargebacks for payments made through the Perk Hero Platform which have been charged back to a merchant by the applicable credit card company. Although we will strive to only process non-fraudulent transactions through the Perk Hero Platform, it is possible that we could be required to pay out a significant amount in chargebacks, which could adversely affect our business and operating results.

#### *Laws and Regulations Relating to the Electronic Payments Industry*

We and our customers are subject to numerous regulations that affect the electronic payments industry. Regulation and proposed regulation of the payments industry has increased significantly in recent years, and failure to comply with such rules and regulations may have a negative adverse effect on our business and operations. We are subject to the rules of Visa, MasterCard, American Express and Alipay; regulations related to privacy, data use and security in the jurisdictions in which we do business; financial services regulations; and consumer protection laws, among others. For example, in Canada, we are subject to PIPEDA and in British Columbia, we are subject to PIPA. PIPA describes how all private sector organizations must handle the personal information of the public (our users). Under PIPA, businesses are made accountable for the personal information under their control. Businesses must, among other

things, limit the collection of personal information to that which is necessary for their purposes, protect the privacy of any personal information under their control, designate a privacy officer for the company, establish procedures to handle privacy complaints or inquiries, obtain consent from an individual before the business collects, use or disclose his or her personal information, and only use or disclose personal information for reasonable purposes that are appropriate in the circumstances and for the purpose according to which the personal information was collected.

In recent years, there has been heightened legislative and regulatory focus on data security, including requiring consumer notification in the event of a data breach. Regulation of privacy, data use and security may materially increase our costs and our customers' costs and may decrease the number of merchants and customers that use our product(s), which could materially and adversely affect our profitability. Our failure, or the failure of our customers, to comply with the privacy, data use and security laws and regulations, and any other regulations to which we are or become subject, could result in fines, sanctions and damage to our reputation and our brand.

#### *Reliance on Third-Party Processors and Service Providers*

We currently rely on contractors to assist us to perform certain aspects of our services, and we do not have long-term contracts with them. The termination by our service providers of their arrangements with us or their failure to perform their services efficiently and effectively may adversely affect our ability to deliver a superior product, which in turn may adversely affect our relationships with merchants that offer the Perk Hero Platform and may cause those merchants to terminate their agreements with us.

#### *Potential Requirement to Pay Taxes on Transaction Processing*

We and other payment processing companies may become subject to federal, provincial, state or local taxation of certain portions of our fees charged to merchants for our transaction services. Application of such taxes is an emerging issue and although taxing jurisdictions have not yet adopted uniform positions on this topic, if we are required to pay such taxes and are unable to pass the expense to restaurants or other merchant clients, as applicable, or produce increased cash flow to offset the taxes, such taxes would negatively impact our profitability.

#### *Key Personnel Risk*

Our success and future growth will depend, to a significant degree, on the continued efforts of our directors and officers to develop the business and manage operations and on their ability to attract and retain key technical, sales and marketing staff or consultants. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future. Our inability to retain and attract the necessary personnel could adversely affect our business and operations.

#### *Fluctuations in Foreign Currency Exchange Rates*

If we expand our operations internationally, we will become subject to foreign currency risk. The strengthening or weakening of the Canadian dollar versus other currencies will impact the translation of our net revenues generated in these foreign currencies into Canadian dollars. We may face financial exposure if we incorrectly set foreign exchange rates or as a result of fluctuations in foreign exchange rates between the times that we set them each day. Fluctuations in foreign exchange rates could significantly impact our financial results.

#### *Changes to Payment Card Networks, or Bank Fees or Practices*

We do not directly access the payment card networks, such as Visa, MasterCard, and Amex, that enable our ability to accept credit cards, and we are reliant on banks or other payment processors to process transactions and must pay fees for their services. Payment card networks, from time to time, increase their fees for each transaction which accesses their networks, and the cost of these increased fees may be passed on to us by our payment processor(s), who may also increase their own fees for payment processing. Any increase in these fees could increase our operating costs and reduce our profitability.

In addition, governments in some jurisdictions have required payment card networks to reduce interchange fees, or have opened investigations into the question of whether such fees and practices violate antitrust law. For example, in the U.S., the Federal Reserve Board issued a final rule capping debit card interchange fees at significantly lower rates than these networks previously charged. Any material reduction in credit card interchange rates in relevant jurisdictions could adversely affect our competitive position against traditional credit card service providers, and may subject us to pricing pressure, although it could also lower our costs.

### *Reliance on Development and Maintenance of the Internet Infrastructure*

The success of our services will depend largely on the development and maintenance of the internet infrastructure. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, and security, as well as timely development of complementary products, for providing reliable internet access and services. The internet has experienced, and is likely to continue to experience, significant growth in the numbers of users and amount of traffic. The internet infrastructure may be unable to support such demands. In addition, increasing numbers of users, increasing bandwidth requirements, or problems caused by “viruses”, “worms”, and similar programs may harm the performance of the internet. The backbone computers of the internet have been the targets of such programs. The internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of internet usage generally as well as the level of usage of our services and reduce our revenues.

### *Risks Related to Potential Interruption or Failure of our Information Technology and Communications Systems*

Our ability to provide our products and services depends on the continuing operation of our information technology and communications systems. Any damage to or failure of our systems could interrupt our service. Service interruptions could reduce our revenues and profits, and damage our brand if our systems are perceived to be unreliable. Our systems are vulnerable to damage or interruption as a result of terrorist attacks, war, earthquakes, floods, fires, power loss, telecommunications failures, computer viruses, interruptions in access to the Perk Hero Platform through the use of “denial of service” or similar attacks, hacking or other attempts to harm its systems, and similar events. Some of our systems are not fully redundant, and our disaster recovery planning does not account for all possible scenarios. The occurrence of a natural disaster or a closure of an internet data center by a third-party provider without adequate notice could result in lengthy service interruptions. Interruption or failure of our information technology and communications systems could impair our ability to effectively provide our products and services, which could damage our reputation and harm our operating results.

### *Risks Related to Potential Undetected Errors in our Software*

Our software apps and products could contain undetected errors or “bugs” that could adversely affect their performance. We regularly update and enhance our apps and our other online systems and will introduce new versions of our software products and apps. The occurrence of errors in any of these may cause us to lose market share, damage our reputation and brand name, and reduce our revenues.

### *Risks Related to our Prices*

As the market for our services matures, or as new or existing competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are consistent with our pricing model and operating budget. If this were to occur, it is possible that we would have to change our pricing model or reduce our prices, which could harm our revenue, gross margin, and operating results.

### *Requirement to Generate Cash Flow for Financial Obligations*

Our ability to generate sufficient cash flow from operations to make scheduled payments to our contractors, service providers and merchants will depend on future financial performance, which will be affected by a range of economic, competitive, regulatory, legislative, and business factors, many of which are outside of our control. If we do not generate sufficient cash flow from operations to satisfy our contractual obligations, we may have to undertake alternative financing plans. Our inability to generate sufficient cash flow from operations or undertake alternative financing plans would have an adverse effect on our business, financial condition and results or operations, as well as our ability to satisfy our contractual obligations. Any failure to meet our financial obligations could result in termination of key contracts, which could harm our ability to provide our products and services.

### *Laws and Regulations Relating to using the Internet for Commerce*

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business services. Domestic or foreign government bodies or agencies in the past have adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our services in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, or reduce the demand for internet-based services such as ours.

In addition, the use of the internet could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility, and quality of service. The performance of the internet and its acceptance as a business tool have been adversely affected by viruses, worms, and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our services could suffer.

#### *Uninsured or Uninsurable Risk*

We may become subject to liability for risks which are uninsurable or against which we may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

#### *Conflicts of Interest Risk*

Certain of our directors and officers are, and may continue to be, involved in other business ventures in the technology industry through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors to us. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us.

### **Risks Related to Data Storage**

*We are subject to Canadian data privacy and protection laws and regulations, as well as contractual privacy obligations, and our failure to comply could subject us to fines and damages and would harm our reputation and business.*

We are subject to the data privacy and protection laws and regulations adopted by federal and provincial governmental agencies. Data privacy and protection is highly regulated in some jurisdictions, and may become the subject of additional regulation in the future. Privacy laws restrict our storage, use, processing, disclosure, transfer and protection of non-public personal information, including credit card data, provided to us by our users. We strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection. However, it is possible that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure, or perceived failure, by us to comply with federal or provincial laws, including laws and regulations regulating privacy, data or consumer protection, could result in proceedings or actions against us by governmental entities or private parties.

We are subject to the privacy and data protection-related obligations in our contracts with our customers and other third parties. We may be contractually liable to indemnify and hold harmless our users from the costs or consequences of inadvertent or unauthorized disclosure of data that we store or handle as part of providing our services. Finally, we are also subject to contractual obligations and other legal restrictions with respect to our collection and use of data, and we may be liable to third parties in the event we are deemed to have wrongfully used or gathered data.

Any failure by us or a third-party contractor providing services to us to comply with applicable privacy and data protection laws, regulations, self-regulatory requirements or industry guidelines, our contractual privacy obligations or our own privacy policies, may result in fines, statutory or contractual damages, litigation or governmental enforcement actions. These proceedings or violations could force us to spend significant amounts in defense or settlement of these proceedings, result in the imposition of monetary liability, distract our management, increase our costs of doing business, and adversely affect our reputation and the demand for our products and services.

### **Risks Related to Intellectual Property**

*We have a trademark registration in Canada (but only for a word mark, not our logo), a pending provisional patent registration in the U.S., and a pending patent registration in Canada and the U.S.*

Trademark protection is territorial. We have applied for trademark registration for the word PERKHERO in the U.S. and Canada. We have no trademark registration achieved or pending for our logo (only for the word mark).

We have filed several patent applications in the U.S. and Canada for our wireless electronic transaction system. There is a risk that these patent applications may not be approved.

#### *Risks Related to Potential Inability to Protect Intellectual Property*

We rely on various methods to protect our proprietary rights, including confidentiality agreements with our consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of our confidential information. However, despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or replicate our technology. There can be no assurance that the steps taken by us to protect our technology will be adequate to prevent misappropriation or independent third-party development of our technology. Other companies may duplicate a platform similar to ours. To the extent that any of the above could occur, our revenue could be negatively affected, and in the future, we may have to litigate to enforce our intellectual property rights, which could result in substantial costs and divert our management's attention and our resources.

Further, the patent position of technology is often uncertain and involves complex legal and factual questions. We do not know whether our current or any future patent applications, if any, will result in the issuance of a patent. Even if patents are issued, they may be challenged, invalidated or circumvented. Any such patents may not provide a competitive advantage or afford protection against competitors with similar technology. Competitors or potential competitors may have filed applications for, or may have received patents and may obtain additional and proprietary rights to, technologies used by or competitive with ours. If challenged, any patents that may be issued to us in the future may not be held valid. We also may become involved in interference proceedings in connection with one or more of our current or future patent applications to determine priority of invention.

#### *Risks Related to Potential Intellectual Property Claims*

Companies in the internet, technology and mobile app industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. We may be subject to intellectual property rights claims in the future and our technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent us from offering our products and services to others and may require that we procure substitute products or services for these members.

With respect to any intellectual property rights claim, we may have to pay damages or stop using technology found to be in violation of a third-party's rights. We may have to seek a license for the technology, which may not be available on reasonable terms and may significantly increase our operating expenses. The technology also may not be available for license to us at all. As a result, we may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for the infringing aspects of our business, we may be forced to limit our product and service offerings and may be unable to compete effectively. Any of these results could harm our brand and prevent us from generating sufficient revenue or achieving profitability.

### **Cybersecurity and Fraud Risks**

Our operations involve the storage and transmission of customer data, including personally identifiable information, and security incidents could result in unauthorized access to, the loss of, or unauthorized disclosure of such information. Our production payment systems are currently hosted in Amazon's secure online hosting facilities, which are generally highly regarded for security in the technology industry are used by many large well known technology companies. We did not have cybersecurity insurance in the fiscal year ended November 30, 2020. The Company obtained cybersecurity insurance as of February 2021.

Although we have advanced security systems in place and what we deem sufficient security around our system to prevent unauthorized access, we must ensure that we continually enhance security and fraud protection within our website and merchant platform, and if we are unable to do so we may become subject to liability for privacy breaches or consequences that result from any unanticipated incident. As a result of advances in computer capabilities, new discoveries in the field of cryptography or other developments, a compromise or breach of our security precautions may occur. The techniques used to obtain unauthorized, improper or illegal access to our systems, our data or our customers' data and to sabotage our system are constantly evolving and may be difficult to detect quickly. An

information breach in our system and loss of confidential information such as credit card numbers and related information, or interruption in the operation of our apps, could have a longer and more significant impact on our business operations than a hardware failure. A compromise in our security system could severely harm our business by the loss of our customers' confidence in us and thus the loss of their business. We may be required to spend significant funds and other resources to protect against the threat of security breaches or to alleviate problems caused by these breaches. However, protection may not be available at a reasonable price, or at all. Any failure to adequately comply with necessary protective measures could result in fees, penalties and/or litigation. Concerns regarding the security of eCommerce and the privacy of users may also inhibit the growth of the internet as a means of conducting commercial transactions. This may result in a reduction in revenues and increase our operating expenses, which would prevent us from achieving profitability.

## **Risks Related to the Shares**

### *Market Risk for Securities*

The market price of the Shares may be highly volatile, and could be subject to wide fluctuations in response to various factors, some of which are beyond our control and may not be related to our operating performance.

Fluctuations in the price of the Shares could cause investors to lose all or part of their investment because they may not be able to sell their Shares at or above the price they paid. Factors that could cause fluctuations in the market price of the Shares include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally or those in our industry in particular;
- sales of Shares by our shareholders;
- any changes in the financial projections that we may provide to the public, or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- the public's reaction to our press releases, other public announcements and filings with the securities commissions;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management;
- the current outbreak of COVID-19 and any future emergency and spread of similar pathogens; and
- general economic conditions and slow or negative growth of our markets.

In addition, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of management's attention and resources.

### *Speculative Nature of Investment Risk*

An investment in the Shares carries a high degree of risk and should be considered as a speculative investment. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future.



### *Liquidity and Future Financing Risk*

The Company will likely operate at a loss until its business becomes established and the Company may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional Shares from treasury, control may change and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

### *History of Operating Losses*

We have a history of operating losses and may not achieve or sustain profitability. We cannot guarantee investors that we will become profitable, and even if we achieve profitability, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability and our failure to do so could adversely affect our business, including our ability to raise additional funds.

### *Going-Concern Risk*

Our financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize our assets and satisfy our liabilities in the ordinary course of business. Our future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that we will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should we be unable to continue as a going concern.

### *Global Economy Risk*

The ongoing economic slowdown and downturn of global capital markets due to the COVID-19 pandemic has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future while establishing a user base. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, the ability to raise capital could be jeopardized and thus have an adverse impact on operations and on the trading price of our Shares on the CSE.

### *COVID-19 - Pandemic Risk*

The Company's business could be adversely affected by the COVID-19 pandemic, which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. We cannot reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods. This COVID-19 pandemic may also cause staff shortages, reduced customer traffic and increased government regulation, all of which may negatively impact the business, financial condition and results of operations of the Company.

### *Dividend Risk*

We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain earnings to finance further growth and, when appropriate, retire debt.

## *Trends, Risks and Uncertainties*

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our Shares.

### **DIVIDENDS AND DISTRIBUTIONS**

We have never declared or paid any cash dividends or distributions on the Shares. We intend to retain future earnings, if any, to finance the operation and expansion of our business and do not anticipate paying any cash dividends or distributions in the foreseeable future. Any future determination related to dividend policy will be made at the discretion of the Board after considering our financial condition, results of operations, capital requirements, business prospects and other factors the Board deems relevant, and subject to the restrictions contained in our current or future financing instruments.

There are no restrictions in our articles or pursuant to any agreement or understanding to which we are a party that could prevent us from paying dividends or distributions.

### **DESCRIPTION OF CAPITAL STRUCTURE**

As of the date of this AIF, our authorized capital structure consists of one class of shares: common shares.

#### **Common Shares**

We are authorized to issue an unlimited number of Shares without par value, of which 174,473,743 are issued and outstanding as fully paid and non-assessable as of the date of this report, and 152,627,495 Shares were issued and outstanding as fully paid and non-assessable as at November 30, 2020. The Shares are not subject to any further call or assessment; do not have any pre-emptive, conversion or redemption rights; and all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the Shares, all of which rank equally as to benefits that may accrue to the holders of the Shares. All holders of Shares are entitled to receive a notice of any meeting of the shareholders of the Company. Voting rights may be exercised in person or by proxy. Holders of Shares are entitled to receive such dividends in any financial year as the Board may declare. In the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of the Shares are entitled to receive, ratably in proportion to their ownership interest, the remaining assets of our business.

The Board is authorized to issue additional Shares on such terms and conditions and for such consideration as the Board may deem appropriate without further security holder action.

### **MARKET FOR SECURITIES**

#### **Trading Price and Volume**

The Shares trade on the CSE under the symbol “PERK”. The following table sets forth the price ranges and volume of the Shares as reported by the CSE since the commencement of the year ended November 30, 2020:

<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
December, 2019	0.055	0.035	2,683,048
January, 2020	0.06	0.045	1,996,180
February, 2020	0.50	0.045	12,500,681
March, 2020	0.265	0.08	8,990,908
April, 2020	0.135	0.085	3,224,977
May, 2020	0.145	0.10	2,721,991
June, 2020	0.12	0.08	3,451,063

July, 2020	0.09	0.05	3,739,015
August, 2020	0.07	0.05	2,641,177
September, 2020	0.06	0.04	2,550,470
October, 2020	0.05	0.035	4,938,747
November, 2020	0.075	0.035	11,634,796
December, 2020	0.14	0.055	11,761,153
January, 2021	0.25	0.055	36,793,887
February, 2021	0.21	0.115	23,041,999
March, 2021	0.155	0.10	5,958,977

## PRIOR SALES

The following tables summarize the issuances of securities convertible into or exercisable for Shares by the Company since the beginning of the financial year ended November 30, 2020:

### Stock Options

Date of Issuance	Number of Options	Exercise Price (\$)	Expiry Date
January 31, 2020	100,000	\$0.10	January 31, 2025
March 3, 2020	60,000	\$0.18	March 3, 2025
April 1, 2020	20,000	\$0.10	April 1, 2025
May 1, 2020	20,000	\$0.11	May 1, 2025
June 1, 2020	20,000	\$0.115	June 1, 2025
July 2, 2020	120,000	\$0.10	July 2, 2025
August 4, 2020	40,000	\$0.10	August 4, 2025
August 6, 2020	150,000	\$0.10	August 6, 2024
October 1, 2020	20,000	\$0.10	October 1, 2025
November 6, 2020	350,000	\$0.05	November 6, 2025
November 13, 2020	300,000	\$0.05	November 13, 2025
November 16, 2020	300,000	\$0.05	November 16, 2022
November 16, 2020	300,000	\$0.10	November 16, 2022
April 1, 2021	50,000	\$0.13	April 1, 2024
<b>Total Options Granted</b>	<b>1,850,000</b>		

In addition, 1,597,500 stock options were cancelled since the commencement of the financial year ended November 30, 2020, and 167,500 stock options were exercised during the same period. As of November 30, 2020, there were 8,701,000 stock options outstanding and as of the date of this report, there are 8,526,000 stock options outstanding.

**Restricted share units (“RSUs”)**

<b>Date of Issuance</b>	<b>Number of RSUs</b>	<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
November 29, 2019	1,126,000	N/A	November 29,2022
December 19, 2019	1,171,404	N/A	December 19, 2022
January 10, 2020	661,539	N/A	January 10, 2023
January 31, 2020	210,923	N/A	January 31, 2023
March 3, 2020	167,094	N/A	March 3, 2023
April 1, 2020	30,770	N/A	April 1, 2023
April 6, 2020	368,420	N/A	April 6, 2023
May 1, 2020	27,972	N/A	May 1, 2023
June 1, 2020	26,756	N/A	June 1, 2023
July 2, 2020	38,462	N/A	July 2, 2023
July 6 2020	437,500	N/A	July 6 2023
August 4, 2020	241,759	N/A	August 4, 2023
September 1, 2020	97,902	N/A	September 1, 2023
October 1, 2020	991,346	N/A	October 1, 2023
October 5, 2020	800,000	N/A	October 5, 2022
November 2, 2020	128,206	N/A	November 2, 2023
December 1, 2020	97,902	N/A	December 1, 2023
January 4, 2021	504,808	N/A	January 4, 2024
January 6, 2021	600,000	N/A	January 6, 2024
January 18, 2021	750,000	N/A	January 18, 2024
February 1, 2021	694,871	N/A	February 1, 2024
March 1, 2021	39,886	N/A	March 1, 2024
April 1, 2021	335,650	N/A	April 1, 2024
	9,549,170		

In addition, 195,000 RSUs were cancelled since the commencement of the financial year ended November 30, 2020. As of November 30, 2020 there were 5,916,053 RSUs outstanding, and as of the date of this report, there are 8,745,170 RSUs outstanding.

**ESCROWED SECURITIES AND SECURITIES SUBJECT TO  
CONTRACTUAL RESTRICTION ON TRANSFER**

As of the date of this AIF, no securities are being held in escrow or subject to contractual restrictions on transfer.

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holdings)

The following table sets out the name, province or state and country of residence, position and offices held with our company, date appointed, number and percentage of our voting securities that each of our directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date of this AIF, and their respective occupations during the past five years. In the table below, incentive stock options are referred to as “options”.

Name, Province/State and Country of Residence	Position/Office and Date Appointed	Number and Percentage of Securities Held and Direct or Indirect Ownership <sup>(1)</sup>	Principal Occupations Held for Previous Five Years
<b>Kirk Herrington</b> <sup>(2) (3)</sup> British Columbia, Canada	Director October 29, 2015  Chair of the Board October 25, 2017	100,000 Shares 562,500 options 1,148,423 RSUs <1% (<1% diluted)	Mr. Herrington was Chief Operating Officer and Chief Technology Officer with Connect2Classes.  He is also the CEO of mPloy Solutions Inc., a software technology company that helps hospitality organizations find workers.
<b>Jonathan Hoyles</b> British Columbia, Canada	Director and CEO June 12, 2019  Formerly Chief Commercial Officer & General Counsel January 2, 2018	3,280,986 Shares - Direct 2,000,695 Shares - Indirect  1,326,086 Warrants - Direct  1,496,195 Warrants - Indirect  650,000 options 1,812,999 RSUs 3.03% (5.6% diluted)	Currently: Director & CEO at Perk Labs, Perk Hero Software Inc., Perk HeroUSA Inc., and Glance Coin Inc., and Director of Converge MobiSolutions Inc.  Formerly: Chief Commercial Officer & General Counsel at Perk Labs  Formerly: VP, Legal & General Counsel at Skidmore Group
<b>James Topham</b> <sup>(2)</sup> British Columbia, Canada	Director May 12, 2016	Nil Shares  650,000 options 1,148,423 RSUs <1% (<1% diluted)	Mr. Topham was formerly a Director of UrtheCast Inc. (TSX:UR), a technology company, a Director of Novoheart Limited (TSX-V:NVH), a biotechnology company; Director of Norsat International Inc.(TSX:NII), a satellite imaging company; Director of LED Medical Diagnostics Inc. (TSX-V:LMD), a dental imaging technology company; Chair of the Board and Audit Committee of Epic Fusion Corp.; Director and Audit Committee Chair of DDS Wireless International; Director of 3 Tier Logic Inc.; Audit Partner in KPMG’s Technology Group in Vancouver BC.
<b>Larry Timlick</b> <sup>(2) (3)</sup> British Columbia, Canada	Director April 18, 2017	81,828 Shares 550,000 options 861,319 RSUs <1% (<1% diluted)	Mr. Timlick is currently the President of Triplet Management, a Board member of Numinus Wellness Inc.(TSXV:NUMI),a health solutions company, and Myriad Metals Corp. (MMC.CN), a resource company.  Formerly: Board Member of CounterPath Corporation (NASDAQ: CPAH TSX:PATH), a software company; Para Resources Inc. (TSXV:PBR), a mining company, Rojo Resources Ltd. (TSXV:RJ.H), an exploration company and Soma Gold Corp. (TSXV:SOMA), a mining company.  VP of Western Canada and Director of Networking Sales for Avaya Inc.; Regional Sales Leader, Western Canada for Arista Networks, Inc. (NYSE:ANET); Board member of Sora Capital Corp. and Elevation Capital Corp.

<b>Steven Cadigan</b> <sup>(3)</sup> California, USA	Director June 12, 2018	Nil Shares 350,000 options 861,319 RSUs <1% (<1% diluted)	Currently: Founder of Cadigan Talent Ventures, a consulting company; Director of Certn, a background check company and Giroux Glass, a glass construction company;  Formerly: VP Talent at LinkedIn Corporation; VP Human Resources at Electronic Arts and PMC Sierra.
<b>Norman Tan</b> British Columbia, Canada	CFO July 30, 2020	217,391 Shares 217,391 Warrants 100,000 options 1,045,687 RSUs <1% (<1% diluted)	Formerly: CFO of Lendified Holdings Inc., a fintech company and Senior Manager in Deloitte's assurance practice.
<b>Gary Zhang</b> British Columbia, Canada	Chief Technology Officer June 6, 2019	110,000 Shares - Direct 1,623,815 Shares - Indirect 110,000 Warrants 1,050,000 options 1% (1.5% diluted)	Currently: CTO of Signal Hill Technologies Inc., a software company, CTO of mPloy Inc., a software company and CEO of PrimeObjects Software Inc., a consulting company
<b>Liang (Daniel) Zou</b> British Columbia, Canada	Chief Operating Officer October 5, 2020	821,515 Shares 150,000 options 800,000 RSUs <1% (<1% diluted)	Formerly: Advisor to Perk Labs Inc., Head of Business Development for Alipay Canada, Director, Innovation and Operations of the Ant Group
<b>Total Shares held by or over which dispositive control is exercised by our current directors and officers as a group.</b>		<b>8,236,230 Shares (4.7%)</b>  <b>Fully-diluted 23,126,572 (12.2%)</b>	

**Notes:**

- (1) Based on 174,473,743 Shares issued and outstanding as of the date of this AIF and 189,364,085 Shares on a fully-diluted basis, assuming the exercise of all outstanding director and officer warrants, options and RSUs.
- (2) Member of the audit committee (the "Audit Committee").
- (3) Member of the compensation committee.

**Term of Office**

The term of office of our directors expires at the time of our annual meeting of shareholders. The term of office of our executive officers expires at the discretion of our Board.

**Share Ownership**

As a group, our directors and executive officers beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 8,236,230 Shares as of the date of this AIF representing approximately 4.7% of the 174,473,743 issued and outstanding Shares, and 12.2% of the fully-diluted 189,364,085 Shares including the aggregate of 3,149,672 warrants, 4,062,500 options and 7,678,170 RSUs held by our directors and executive officers. The information as to the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by our directors and executive officers as a group is based upon information furnished by our directors and executive officers.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To our knowledge, other than as set out below, none of our directors or executive officers is at the date of this AIF, or was within the past 10 years before the date of this AIF, a director, CEO or CFO of any company, that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO and CFO.

James Topham was a director of UrtheCast Corp. (“**UrtheCast**”), a Vancouver-based technology company that was listed on the Toronto Stock Exchange. On September 4, 2020, UrtheCast was granted an initial order pursuant to the Companies' Creditors Arrangement Act by the Supreme Court of British Columbia on application by UrtheCast seeking court protection from its creditors to allow it to pursue a restructuring of its business and property as a going concern. Trading in UrtheCast's common shares on the Toronto Stock Exchange was halted on September 4, 2020 and the common shares were delisted on October 16, 2020. On March 23, 2021, UrtheCast filed an assignment in bankruptcy.

Other than as set out above, none of our directors, executive officers or shareholders holding a sufficient number of our securities to materially affect the control of the Company is, or has been within the past 10 years:

- (a) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

None of our directors, executive officers or shareholders holding a sufficient number of our securities to materially affect the control of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **Conflicts of Interest**

Other than as disclosed in this AIF, there are no conflicts of interest between the Company or a subsidiary of the Company and any director or officer of the Company or of a subsidiary of the Company.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **Legal Proceedings**

Management is not aware of any existing or contemplated legal proceedings material to the Company to which it is a party or to which its property is the subject.

### **Regulatory Actions**

We have not:

- (a) had any penalties or sanctions imposed against us by a court relating to securities legislation or by a securities regulatory authority during our most recently completed financial year;

- (b) had any other penalties or sanctions imposed against us by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; or
- (c) entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during our most recently completed financial year.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed elsewhere in this AIF and below, none of our directors, executive officers or principal shareholders, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect us.

Jonathan Hoyles, the CEO and a director of the Company subscribed directly for 1,326,086 of the 2020 Units for a subscription amount of \$60,999.96 and indirectly for 1,496,195 of the 2020 Units for a subscription amount of \$68,825 pursuant to the 2020 Private Placement. Gary Zhang, the CTO of the Company, subscribed for 110,000 of the 2020 Units for a subscription amount of \$5,060 pursuant to the 2020 Private Placement. Norman Tan, the CFO of the Company, subscribed for 217,391 of the 2020 Units for a subscription amount of \$10,000 pursuant to the 2020 Private Placement.

### **TRANSFER AGENTS AND REGISTRARS**

The transfer agent and registrar for the Shares is Computershare Investor Services Inc. of Canada at its offices located in Vancouver, British Columbia.

### **MATERIAL CONTRACTS**

For further information, please see the Management Information Circular filed on SEDAR on May 13, 2020. Our material contracts, excluding those made in the ordinary course of business, entered into since December 1, 2019, or entered into prior to that date but still in effect, are as follows:

Name of Contract	Parties	Date
License Agreement	Perk Hero and BPS	May 29, 2017 as amended May 31, 2017 and further amended and restated November 2, 2018
License Agreement	Perk Hero and Fobisuite	May 3, 2019
License Agreement	Perk Hero and Loop	November 5, 2018
License Agreement	Perk Hero and Euro Asia Pay	October 14, 2017, as amended September 30, 2018
Equity Distribution Agreement	Perk Labs and Echelon Wealth Partners Inc.	February 17, 2021

The particulars of these agreements are detailed in this AIF in the section titled ‘Acquisitions/Licenses Granted’.

### **NAME AND INTERESTS OF EXPERTS**

Our consolidated financial statements for the year ended November 30, 2020 have been audited by Saturna Group Chartered Professional Accountants (“Saturna”). Saturna has confirmed that, with respect to the Company, it is independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.



## ADDITIONAL INFORMATION

### Audit Committee

Pursuant to the provisions of National Instrument 52-110 *Audit Committees* (“NI 52-110”), reporting issuers in those jurisdictions which have adopted NI 52-110 are required to provide disclosure with respect to its audit committee including the text of the audit committee’s charter, composition of the committee, and the fees paid to the external auditor. The Audit Committee charter is attached as Schedule “A” to this AIF.

### Composition of Audit Committee

As at the date of this AIF, the Audit Committee is comprised of James Topham, Kirk Herrington and Larry Timlick. Mr. Topham, Mr. Herrington and Mr. Timlick are independent directors within the meaning of NI 52-110. The chairman of the Audit Committee is James Topham. All members of the Audit Committee are financially literate. “Financial literacy” is considered to be the ability to read and understand a company’s fundamental financial statements, including a company’s balance sheet, statement of income (loss) and cash flow. The members of the Audit Committee are appointed by the Board at its first meeting following the annual shareholders’ meeting to serve one-year terms and are permitted to serve an unlimited number of consecutive terms.

### Relevant Education and Experience

In addition to each member’s general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

*James Topham* is a Fellow Chartered Professional Accountant (FCPA and FCA) specializing in technology companies. Mr. Topham was an audit partner in KPMG’s Technology Group in Vancouver, B.C. office for 20 years, and has served as a director of several publicly traded companies. Mr. Topham has extensive audit and accounting experience.

*Kirk Herrington* was responsible for reviewing and presenting the financial statements of GaleForce Solutions Inc. to its board of directors for a period of three years while he was the CEO of the company. Mr. Herrington has founded a number of software companies and was an integral part of the development of these companies.

*Larry Timlick* has served as a director of many publicly traded companies. He has served on the audit committee and the compensation for several publicly traded companies in addition to the Company.

### Reliance on Certain Exemptions

At no time since the commencement of our most recently completed financial year has the Company relied on an exemption in or from NI 52-110, other than the exemption in section 6.1 as described below.

### Reliance on Section 6.1

Pursuant to section 6.1 of NI 52-110, as a venture issuer, we are relying on the exemption from certain reporting obligations found in Parts 3 and 5 of NI 52-110.

### Audit Committee Oversight

At no time since the commencement of our most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### Pre-Approval Policies and Procedures

The Audit Committee is required to approve the engagement of our external auditors in respect of non-audit services. The aggregate fees billed by our external auditors for the last two fiscal years are provided below.

<b>Audit Service Fees</b>	<b>Fiscal Year Ended November 30, 2020 (\$)</b>	<b>Fiscal Year Ended November 30, 2019 (\$)</b>
Audit Fees <sup>(1)</sup>	47,355	48,500
Audit-Related Fees <sup>(2)</sup>	3,465	-
Tax Fees <sup>(3)</sup>	7,823	-
All other fees	-	-
<b>Total</b>	<b>58,643</b>	<b>48,500</b>

**Notes:**

- (1) Auditing financial statements for the fiscal years ended November 30, 2020 and November 30, 2019.
- (2) Consulting fees primarily for revenue guidance.
- (3) Preparation and consulting fees for corporate tax return and US tax consequences.

**General**

Additional information relating to the Company and our business may be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities, and securities authorized for issuance under equity compensation plans is contained in the information circular for our annual meeting of shareholders that was held on June 10, 2020. Additional financial information is provided in our audited consolidated financial statements and management's discussion and analysis for the financial year ended November 30, 2020.

## SCHEDULE A

### PERK LABS INC. (formerly GLANCE TECHNOLOGIES INC.) (the “Company”)

#### AUDIT COMMITTEE CHARTER

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company’s audit committee, or its Board of Directors in lieu thereof (the “**Audit Committee**”). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

#### 1. **Composition**

- (a) *Number of Members.* The Audit Committee must be comprised of a minimum of three directors of the Company.
- (b) *Chair.* If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the “**Chair**”) to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.
- (c) *Financial Literacy.* All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.
- (d) *Independence.* At least a majority of the members of the Audit Committee must be independent within the meaning of Section 1.4 of National Instrument 52-110.

#### 2. **Meetings**

- (a) *Quorum.* The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.
- (b) *Agenda.* The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.
- (c) *Notice to Auditors.* The Company’s auditors (the “**Auditors**”) will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor’s duties.
- (d) *Minutes.* Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

#### 3. **Roles and Responsibilities**

The roles and responsibilities of the Audit Committee include the

following: External Auditor

The Audit Committee will:

- (a) *Selection of the external auditor.* Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Company’s accounts, controls and financial statements.
- (b) *Scope of Work.* Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor’s review, including the Auditor’s engagement letter.

- (c) *Compensation.* Recommend to the Board the compensation to be paid to the external auditors.
- (d) *Replacement of Auditor.* If necessary, recommend the replacement of the Auditor to the Board of Directors.
- (e) *Approve Non-Audit Related Services.* Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.
- (f) *Responsibility for Oversight.* Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.
- (g) *Resolution of Disputes.* Assist with resolving any disputes between the Company's management and the Auditors regarding financial reporting.

#### Consolidated Financial Statements and Financial Information

The Audit Committee will:

- (a) *Review Audited Financial Statements.* Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.
- (b) *Review of Interim Financial Statements.* Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.
- (c) *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports.* Review the Company's management discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.
- (d) *Auditor Reports and Recommendations.* Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

#### Risk Management, Internal Controls and Information Systems

The Audit Committee will:

- (a) *Internal Control.* Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.
- (b) *Financial Management.* Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.
- (c) *Accounting Policies and Practices.* Review management plans regarding any changes in accounting practices or policies and the financial impact thereof.
- (d) *Litigation.* Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the consolidated financial statements.
- (e) *Other.* Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

## Complaints

- (a) *Accounting, Auditing and Internal Control Complaints.* The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.
- (b) *Employee Complaints.* The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

## **4. Authority**

- (a) *Auditor.* The Auditor, and any internal auditors hired by the company, will report directly to the Audit Committee.
- (b) *Independent Advisors.* The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.
- (c) *Communication.* The Audit Committee may communicate directly with management and any internal auditor, and with the Auditor directly without the presence or involvement of management.
- (d) *Expenses.* The Audit Committee may incur such ordinary administrative expenses that it deems necessary and appropriate to carry out its duties, which expenses the Company will pay or reimburse upon receiving an invoice or receipt, as applicable.

## **5. Reporting**

The Audit Committee will report to the Board on:

- (a) the Auditor's independence;
- (b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;
- (c) the reappointment and termination of the Auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim consolidated financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (h) all other material matters dealt with by the Audit Committee.