PERK LABS INC.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended February 28, 2021 and February 29, 2020

(Unaudited)

(Expressed in Canadian Dollars)

PERK LABS INC.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)

As at	(Unaudited) February 28 2021	(Audited) November 30 2020
ASSETS		
Current		
Cash and cash equivalents	**$ 2,086,450**	$ 784,117
Amounts receivable (note 5)	**32,722**	57,390
Marketable securities (note 6)	**1,599,958**	286,910
Inventory	**8,405**	9,861
Prepaid expenses and deposits (note 7)	**86,504**	76,791
	3,814,039	1,215,069
Property and equipment (note 8)	**212,996**	229,919
Marketable securities (note 6)	**1,212,132**	90,000
Investment (note 6)	**–**	102,000
Investment in joint venture (note 9)	**1**	1
Total assets	**$ 5,239,168**	$ 1,636,989
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 19)	**$ 195,671**	$ 346,830
Current portion of lease liabilities (note 20)	**86,348**	76,655
	282,019	423,485
Lease liabilities (note 20)	**133,496**	156,666
Total liabilities	**415,515**	580,151
SHAREHOLDERS' EQUITY		
Share capital (note 10)	**35,471,818**	33,568,508
Reserves	**5,792,412**	5,518,697
Deficit	**(36,440,577)**	(38,030,367)
Total shareholders' equity	**4,823,653**	1,056,838
Total liabilities and shareholders' equity	**$ 5,239,168**	$ 1,636,989

Going concern (note 2)
Commitments (note 20)
Subsequent events (note 22)

Authorized for issuance by the Board of Directors on April 28, 2021.

/s/ James Topham Director

/s/ Kirk Herrington Director

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

PERK LABS INC.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended	
	February 28 2021	February 29 2020
Revenue (note 17)	**$ 15,373**	$ 6,042
Cost of sales	**18,558**	5,197
Gross margin (loss)	**(3,185)**	845
Expenses		
Depreciation and amortization (notes 8 and 20)	**16,922**	11,064
General and administration (note 12)	**272,551**	306,025
Research and development (note 13)	**168,644**	146,143
Sales and marketing (note 14)	**162,381**	156,732
Share-based compensation (notes 10, 11 and 19)	**288,381**	75,256
Total expenses	**908,879**	695,220
Loss from operations	**(912,064)**	(694,375)
Other income (expense)		
Foreign exchange gain (loss)	**(4,220)**	(602)
Gain on sale of marketable securities (note 6)	**118,005**	219,936
Government subsidies and grants (note 18)	**63,902**	-
Interest expense (note 20)	**(9,248)**	-
Interest income	**235**	5,737
Unrealized gain (loss) on marketable securities (note 6)	**2,333,180**	(748,204)
Total other income (expense)	**2,501,854**	(523,133)
Net and comprehensive income (loss) for the year	**$ 1,589,790**	$ (1,217,508)
Net income (loss) per share		
Basic	**$ 0.01**	$ (0.01)
Diluted	**$ 0.01**	$ (0.01)
Weighted average number of shares outstanding (basic)	**161,772,594**	138,244,921
Weighted average number of shares outstanding (diluted)	**170,680,141**	147,494,460

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

PERK LABS INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total Equity
Balance, November 30, 2020	152,474,995	$ 33,568,508	$ 5,518,697	$(38,030,367)	$ 1,056,838
Shares issued for cash	17,496,000	1,833,947	-	-	1,833,947
Share issuance costs	-	(65,530)	-	-	(65,530)
Shares issued for service	685,036	56,253	-	-	56,253
Stock options exercised	60,000	14,766	(5,766)	-	9,000
Warrants exercised	687,173	54,974	-	-	54,974
Shares issued under RSU plan	89,000	8,900	(8,900)	-	-
Share-based compensation	-	-	288,381	-	288,381
Net income for the period	-	-	-	1,589,790	1,589,790
Balance, February 28, 2021	**171,492,204**	**$ 35,471,818**	**$ 5,792,412**	**$(36,440,577)**	**$ 4,823,653**

	Number of Shares	Share Capital	Reserves	Deficit	Total Equity
Balance, November 30, 2019	136,817,783	$ 32,903,790	$ 4,998,540	$(33,539,428)	$ 4,362,902
Shares issued for cash	3,836,845	176,495	–	–	176,495
Shares issued for debt	369,949	17,625	–	–	17,625
Cancellation of shares issuable	-	–	–	–	–
Share-based compensation	-	–	75,256	–	75,256
Net loss for the period	-	-	-	(1,217,508)	(1,217,508)
Balance, February 29, 2020	**141,024,577**	**$ 33,097,910**	**$ 5,073,796**	**$(34,756,936)**	**$ 3,414,770**

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

PERK LABS INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended February 28 2021	Three Months Ended February 29 2020
Cash and cash equivalents provided by (used in)		
Operating activities		
Net income (loss)	**$ 1,589,790**	$ (1,217,508)
Items not affecting cash		
Depreciation and amortization	**16,922**	11,064
Gain on sale of marketable securities	**(118,005)**	(219,936)
Interest expense on lease liability	**9,248**	-
Shares issued for services	**56,253**	-
Share-based compensation	**288,381**	75,256
Unrealized (gain) loss on marketable securities	**(2,333,180)**	748,204
	(490,591)	(602,920)
Net change in non-cash working capital	**(134,748)**	(41,996)
	(625,339)	(644,916)
Investing activities		
Proceeds from sale of marketable securities	**118,005**	243,311
	118,005	243,311
Financing activities		
Proceeds from share issuances	**1,897,921**	176,495
Share issuance costs	**(65,530)**	-
Repayment of lease liabilities	**(22,725)**	-
	1,809,667	176,495
Net increase (decrease) in cash	**1,302,333**	(225,110)
Cash and cash equivalents, beginning of period	**784,117**	1,918,626
Cash and cash equivalents, end of period	**$ 2,086,450**	$ 1,693,516

Supplemental cash flow information (note 16)

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

1. NATURE OF OPERATIONS

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

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

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

The Company's principal business is to enhance the payment process for both consumers and merchants online and in brick-and-mortar environments using proprietary technology that combines mobile technologies and traditional payment processing, originally using *Glance Pay* and subsequently using *Perk Hero*. The Company launched its *Glance Pay* application during August 2016 and officially launched *Perk Hero* on April 2, 2020. *Perk Hero* is a digital loyalty management platform that enables merchants to provide their customers with digital rewards and a more engaging and convenient customer experience.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. During the period ended February 28, 2021, the Company incurred a net loss from operations of $912,064 (February 29, 2020 –$694,375) and used cash of $625,339 (February 29, 2020 - $644,916) for operating activities. As of that date, the Company had an accumulated deficit of $36,440,577 (November 30, 2020 - $38,030,367).

The Company is continuing to enhance its mobile and online payment applications. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to February 28, 2021 is uncertain. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate and the impact of those adjustments could be material.

2. GOING CONCERN (continued)

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

3. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards 34, “*Interim Financial Reporting*” (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) using accounting policies consistent with International Financial Reporting Standards “(“IFRS”). Certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

The condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the annual audited consolidated financial statements for the year ended November 30, 2020, and should be read in conjunction with those consolidated financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on April 28, 2021.

b) Basis of measurement

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

3. BASIS OF PREPARATION (continued)

c) Presentation and functional currency

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

d) Foreign currency transactions

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

e) Basis of consolidation

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

f) Reclassifications

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

g) Critical accounting judgments and estimates

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

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

3. BASIS OF PREPARATION (continued)

g) Critical accounting judgments and estimates (continued)

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

h) Government Grants

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

4. ADOPTION OF NEW STANDARDS

a) Recent Accounting Pronouncements

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

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

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

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

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

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

(Expressed in Canadian Dollars)

4. ADOPTION OF NEW STANDARDS (continued)

a) Recent Accounting Pronouncements (continued)

Other new standards and amendments to standards and interpretations are not effective for the period ended February 28, 2021 and have not been early adopted by the Company and are not expected to have a material impact on the Company's consolidated financial statements.

5. AMOUNTS RECEIVABLE

	February 28 2021	November 30 2020
Goods and services tax receivable	**$ 32,630**	$ 47,898
Other receivables	**92**	9,492
	$ 32,722	$ 57,390

6. MARKETABLE SECURITIES

	February 28 2021	November 30 2020	**February 28 2021**	November 30 2020	**February 28 2021**	November 30 2020
	Number		**Cost**		**Fair Value**	
Current						
Better Plant Sciences Inc. (shares)	**3,090,000**	2,700,000	**$ -**	-	**$ 367,857**	$ 180,000
Better Plant Sciences Inc. (warrants)	**5,460,000**	5,460,000	**-**	-	**314,101**	106,910
Euro Asia Pay (shares)	**3,400,000**	-	**238,000**	-	**918,000**	-
			$ 238,000	$ -	**$1,599,958**	$ 286,910
Non-current						
Better Plant Sciences Inc. (shares)	**-**	1,350,000	**-**	-	**-**	90,000
Euro Asia Pay (shares)	**5,100,000**	8,500,000	**357,000**	595,000	**1,212,132**	102,000
			$ 357,000	$ 595,000	**$1,212,132**	$ 192,000
			$ 595,000	$ 595,000	**$2,812,090**	$ 478,910

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

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

6. MARKETABLE SECURITIES (continued)

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

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

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

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

As part of an agreement modification in November 2018, the Company returned 11,900,000 BPS common shares in exchange for the issuance of 6,000,000 warrants to purchase BPS shares with a five-year term at a price of $0.50 per share. As a result of the modification, the Company amended its accounting of its investment in BPS from the equity method to FVTPL as the Company no longer had significant influence of BPS as its common share holdings were less than 20%, had no representation on the Board of Directors of BPS, and had no participation or significant influence in the operations of BPS. Pursuant to a Restricted Share Sale Agreement dated November 2, 2018, the Company agreed not to sell more than 20,000 BPS shares in a single trading day upon BPS listing on a Canadian stock exchange, which occurred on December 14, 2018.

During the three months ended February 28, 2021, the Company sold 920,000 (November 30, 2020 – 2,700,000) shares of BPS for proceeds of $118,005 (November 30, 2020 - $428,488) resulting in a realized gain of $118,005 (2019 - $428,488).

At February 28, 2021, the fair value of the 5,460,000 (2019 – 5,460,000) BPS warrants was $314,101 (November 30, 2020 - $106,910) calculated using the Black-Scholes option pricing model assuming no expected dividends, an expected life remaining of 2.70 (November 30, 2020 – 2.90) years, volatility of 125% (November 30, 2020 – 109%), and a risk-free rate of 0.31% (November 30, 2020 – 0.31%). For the three months ended February 28, 2021, the Company recognized an unrealized gain of $207,191 (November 30, 2020 – unrealized loss of $766,289) on the BPS warrants.

At February 28, 2021, 2,700,000 BPS common shares were held in escrow. They will be released as follows: (i) June 15, 2021 – 1,350,000 shares; and (ii) December 15, 2021 – 1,350,000 shares.

Euro Asia Pay Holdings Inc. ("EAP")

In October 2017, the Company received $250,000 upon signing an agreement with Euro Asia Pay Holdings Inc. ("EAP"). In November 2017, EAP issued 8,500,000 common shares at a fair market

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES (continued)

Euro Asia Pay Holdings Inc. ("EAP") (continued)

value of $595,000, pursuant to its obligation to pay for an element of licensing, design of the application, and marketing. EAP is a private company incorporated under the laws of the Province of British Columbia on October 16, 2017. EAP combines traditional financial service with innovative technology to provide enhanced digital financial services to operate business in the tourism and education industry.

On February 25, 2021, Euro Asia Pay Holdings Inc. 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 of Euro Asia Pay which it received as part of a licensing agreement dated October 14, 2017, as amended on September 30, 2018. EAP shares are subject to both a pooling and an escrow agreement in which 425,000 shares were available to the Company on IPO day, 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. At February 28, 2021, the Company recorded a discount of $164,868, (November 30, 2020 - $Nil) on the carrying value of EAP common shares held in escrow with a corresponding entry to unrealized loss.

7. PREPAID EXPENSES AND DEPOSITS

	February 28 2021	November 30 2020
Deposit on office premises	**$ 49,697**	$ 49,697
Other prepaid expenses	**36,807**	27,094
	$ 86,504	$ 76,791

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	November 30 2019	Additions	November 30 2020	Additions	**February 28 2021**
Cost					
Computer equipment	$ 173,594	$ -	$ 173,594	$ -	**$ 173,594**
Furniture and fixtures	20,787		20,787	-	**20,787**
Leasehold improvements	220,474	-	220,474	-	**220,474**
Right of use lease asset	-	274,710	274,710	-	**274,710**
	$ 414,855	$ 274,710	$ 689,565	$ -	**$ 689,565**

	November 30 2019	Depreciation/ Amortization	November 30 2020	Depreciation/ Amortization	**February 28 2021**
Accumulated Depreciation/Amortization					
Computer equipment	$ 149,017	$ 23,239	$ 172,256	$ 771	**$ 173,028**
Furniture and fixtures	13,758	6,065	19,823	453	**20,276**
Leasehold improvements	220,474	-	220,474	-	**220,474**
Right of use lease asset	-	47,093	47,093	15,698	**62,791**
	$ 383,249	$ 76,397	$ 459,646	$ 16,922	**$ 476,568**
Carrying Amounts	$ 31,606		$ 229,919		**$ 212,996**

9. JOINT VENTURE AGREEMENT – CONVERGE MOBISOLUTIONS INC.

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

Converge will be focused on marketing and selling technology to certain types of merchants such as casinos, hotels, restaurants, and nightclubs and will target certain geographies including Las Vegas.

The Company owns 20,000,000 shares or 49% of the common shares of Converge and Kinect owns 20,500,000 shares for the remaining 51% of Converge. Each company has elected one board member. The investment will be recorded under the equity method. During the year ended November 30, 2019, the shares were acquired for a nominal cash value.

No transactions took place during the three months ended February 28, 2021.

10. SHARE CAPITAL

a) Common shares

Authorized:

Unlimited number of common shares without par value.

Issued:

On July 17, 2020, the Company filed a Short Form Base Shelf Prospectus with the British Columbia Securities Commission and using Multilateral Instrument 11-102 Passport System, filed the prospectus in all the provinces and territories of Canada. On July 29, 2020, the Company announced that it established an at-the-marketing equity program that allows the Company to issue and sell up to $2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion. On February 17, 2021, the Company announced the renewal of its at-the-market equity program that allows the Company to issue and sell up to $4,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion.

At February 28, 2020, 171,492,204 (November 30, 2020, 152,474,995) common shares were issued and outstanding.

(i) Shares issued for services

During the three months ended February 28, 2021, the Company issued an aggregate of 685,036 common shares with a fair value of $56,253 for services. The fair value of common shares issued was based on the end of day trading price of the Company's common shares on the date of issuance.

(ii) Shares issued for equity financing

For the quarter ended February 28, 2021, the Company issued 15,641,000 common shares through its at-the-market program announced July 29, 2020, at an average price of $0.10 per share for gross proceeds of $1,570,780. Commissions paid were $47,123 for net proceeds of $1,523,657.

For the quarter ended February 28, 2021, the Company issued 1,855,000 common shares through its at-the-market offering announced February 17, 2021, at an average price of $0.14 for gross proceeds of $263,167 and net proceeds of $255,272. Commissions paid were $7,895.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

b) Warrants

	Number of Warrants		Weighted Average Exercise Price
Balance, November 30, 2020	3,836,845	$	0.08
Exercised	(687,173)	$	0.08
Balance, February 28, 2021	**3,149,672**	**$**	**0.08**
Exercisable as at February 28, 2021	**3,149,672**	**$**	**0.08**

Expiry Date	Remaining Life (Years)	Number of Warrants		Exercise Price
January 31, 2022	0.92	3,149,672	$	0.08

c) Restricted share units

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

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

	Number of		Weighted average
Balance, November 30, 2020	5,916,053	$	0.08
Granted	2,647,581	$	0.11
Vested, issued and released	(89,000)	$	0.10
Forfeited	(80,000)	$	0.10
Balance, February 28, 2021	**8,394,634**	**$**	**0.09**

Expiration Dates	Outstanding		Weighted average
February 01, 2023 - March 01, 2024	664,871	$	0.18
July 06, 2023 - January 18, 2024	5,422,648	$	0.09
October 01, 2022 - December 01, 2023	2,307,115	$	0.05
	8,394,634	**$**	**0.09**

For the three months ended February 28, 2021, the Company recognized share-based compensation expenses of $216,009 (February 29, 2020 – $Nil) related to RSUs granted and vested.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

c) Restricted share units (continued)

For the three months ended February 28, 2021, the Company granted 1,997,581 (February 29, 2020 – Nil) RSU's to officers and directors of the Company for share-based compensation expense of $185,872.

11. STOCK OPTIONS

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

For the three months ended February 28, 2021, the Company recognized share-based compensation expenses of $72,372 (February 29, 2020 - $75,256) related to stock options granted to employees, directors, officers and consultants.

The following summarizes the stock options outstanding.

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2020	7,451,000	$ 0.21
Granted	1,250,000	$ 0.06
Forfeited	(5,000)	$ 0.10
Expired	(152,000)	$ 0.15
Exercised[1]	(60,000)	$ 0.15
Balance, February 28, 2021	**8,484,000**	**$ 0.21**

1. The share price at the date options were exercised was $0.155 on February 4, 2021. No options were exercised in the three months ended February 29, 2020.

(Expressed in Canadian Dollars)

11. STOCK OPTIONS (continued)

	Exercise Price	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
$	0.05	3.75	950,000	–
$	0.10	3.24	1,145,000	600,000
$	0.11	3.36	420,000	407,500
$	0.12	4.26	20,000	20,000
$	0.14	3.19	200,000	25,000
$	0.15	2.69	1,495,000	745,000
$	0.16	3.15	3,843,500	3,516,000
$	0.18	4.01	60,000	47,500
$	1.46	1.90	350,000	350,000
$	**0.21**	**3.12**	**8,483,500**	**5,711,000**

For the three months ended February 28, 2021, the weighted-average fair value of options granted was $0.06 (February 29, 2020 - $0.04), the weighted-average exercise price for exercisable options was $0.21 (February 29, 2020 - $0.96) and the weighted average share price for stock options exercised was $0.15 (February 29, 2020 – Nil).

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

	February 28 2021	February 29 2020
Risk-free interest rate	**0.29%**	1.29%
Expected volatility	**165.1%**	131.0%
Expected option life (in years)	**2.8**	5.0
Expected forfeiture rate	**5%**	0%
Dividend yield	**0%**	0%

(Expressed in Canadian Dollars)

12. GENERAL AND ADMINISTRATION EXPENSES

	Three Months Ended February 28 2021	February 29 2020
Bank charges and interest	**$ 1,615**	$ 3,832
Consulting fees	**-**	15,000
Directors' fees (note 19)	**35,000**	70,000
Insurance	**3,011**	2,387
Investor relations	**17,336**	9,993
Legal, accounting, and auditing	**36,110**	23,605
Office	**17,323**	10,169
Rent	**16,954**	38,474
Transfer agent and filing fees	**23,279**	14,251
Travel	**-**	-
Wages and benefits (note 18)	**121,923**	118,314
	$ 272,551	$ 306,025

13. RESEARCH AND DEVELOPMENT EXPENSES

	Three Months Ended February 28 2021	February 29 2020
Consulting	**$ 55,800**	$ 43,200
Information technology	**13,806**	39,940
Wages and benefits (note 18)	**99,038**	63,003
	$ 168,644	$ 146,143

14. SALES AND MARKETING EXPENSES

	Three Months Ended February 28 2021	February 29 2020
Consulting fees	**$ 69,270**	$ 49,869
Promotions and events	**3,658**	10,297
Sales and marketing	**17,918**	28,016
Travel	**-**	615
Wages and benefits (note 18)	**71,535**	67,935
	$ 162,381	$ 156,732

(Expressed in Canadian Dollars)

15. SEGMENTED INFORMATION

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

16. SUPPLEMENTAL CASH FLOW INFORMATION

	February 28, 2021 $	February 29, 2020
Cash and cash equivalents is comprised of:		
Cash in bank	**2,028,950**	1,621,016
Cash held in cashable guaranteed investment certificates	**57,500**	72,500
	2,086,450	1,693,516

	Three Months Ended			
		February 28 2021		February 29 2020
Non-cash investing and financing activities				
Common shares issued for services	**$**	**56,253**	$	17,625
Supplementary disclosures				
Reclassification of fair value of options to exercise	**$**	**5,766**	$	-
Income taxes paid	**$**	**-**	$	-
Interest paid on lease liabilities	**$**	**(9,248)**	$	-
Interest received	**$**	**234**	$	5,737

17. REVENUE

The breakdown of revenue for the three months ended February 28, 2021 and February 29, 2020 is as follows:

	Three Months Ended			
		February 28 2021		February 29 2020
Transaction revenue	**$**	**877**	$	6,042
Product revenue		**14,496**		-
	$	**15,373**	$	6,042

For the three months ended February 28, 2021 and February 29, 2020, all of the Company's revenues are recorded at a point in time.

18. GOVERNMENT GRANTS

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") in order to help employers keep and/or return employees to work in response to challenges posed by the COVID-19 pandemic. In the second quarter of 2020, the Company determined that it met the employer eligibility criteria and applied for the CEWS in order to retain employees on payroll. For the quarter ending February 28, 2021, the Company received $41,037 under this program which is reflected in government subsidies and grants in other income. There are no unfulfilled conditions or other contingencies attached to the current CEWS.

On October 9, 2020, the Government of Canada announced the creation of the new Canada Emergency Rent Subsidy ("CERS") program to replace the Canada Emergency Commercial Rent Assistance ("CECRA") for small businesses program, which ended on September 30, 2020. In contrast to the CECRA, which required commercial property owners to apply instead of their small business tenants, the CERS provides support directly to qualifying tenants and property owners. For the quarter ended February 28, 2021, the Company received $17,865 under this program which is reflected in government in government subsidies and grants in other income. There are no unfulfilled conditions or other contingencies attached to the current CERS.

(Expressed in Canadian Dollars)

19. RELATED PARTY TRANSACTIONS

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

	February 28 2021	February 29 2020
Directors' fees	**$ 35,000**	$ 70,000
Remuneration and fees	**181,123**	103,200
Share-based compensation	**193,929**	31,116
	$ 410,052	$ 204,316

At February 28, 2021, the Company owed $6,667 (November 30, 2020- $6,667) to a director of the Company which is included in accounts payable and accrued liabilities.

At February 28, 2021, the Company owed $6,667 (November 30, 2020- $6,667) to a director of the Company which is included in accounts payable and accrued liabilities.

At February 28, 2021, the Company owed $5,000 (November 30, 2020 - $5,000) to a director of the Company which is included in accounts payable and accrued liabilities.

At February 28, 2021, the Company owed $5,000 (November 30, 2020 - $5,000) to a director of the Company which is included in accounts payable and accrued liabilities.

At February 28, 2021, the Company owed $17,800 (November 30, 2020 - $18,572) to the Chief Operating Officer of the Company which is included in accounts payable and accrued liabilities.

At February 28, 2021, the Company owed $18,447 (November 30, 2020 - $18,769) to the Chief Technology Officer of the Company which is included in accounts payable and accrued liabilities.

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

20. COMMITMENTS AND LEASE LIABILITIES

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

(Expressed in Canadian Dollars)

20. COMMITMENTS AND LEASE LIABILITIES (continued)

The following is a continuity schedule of lease liabilities for the three months ended February 28, 2021.

	$
Balance at November 30, 2020	**233,321**
Lease payments	(22,725)
Interest expense on lease liabilities	9,248
Balance at February 28, 2021	**219,844**
Current portion	86,348
Long term portion	133,496

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) $	**Significant other observable inputs (Level 2) $**	**Significant unobservable inputs (Level 3) $**	**Balance, February 28, 2021 $**
Marketable securities	2,497,989	314,101	-	2,812,090

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

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk

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

(i) Interest rate risk

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

Current financial assets and financial liabilities are generally not exposed to significant cash flow interest rate risk because of their short-term nature, fixed interest rates, and maturity.

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

(ii) Foreign currency risk

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

The Company is exposed to foreign currency risk with respect to its US denominated bank account. At February 28, 2021, financial instruments were converted at a rate of $1 US dollar to $1.2685 (November 30, 2020 – $1.2965) Canadian. A 10% change in foreign exchange rates is not expected to have a material impact on the condensed consolidated interim financial statements.

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

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and amounts receivable. The Company limits its exposure to credit risk by placing its cash and cash equivalents with high credit quality financial institutions in Canada and the United States. For amounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counterparties.

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

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk (continued)

(iv) Liquidity risk

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

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash and cash equivalents at February 28, 2021 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational and expansion needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof. On July 29, 2020, the Company announced an at-the-market equity program that allows the Company to issue and sell up to $2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion.

On February 17, 2021, the Company announced the renewal of its at-the-marketing equity program that allows the Company to issue and sell up to $4,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion.

(v) Capital risk management

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

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

(vi) Price risk

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

22. SUBSEQUENT EVENTS

Subsequent to February 28, 2021, the Company granted 50,000 options to a consultant that vest bi-annually over a period of two years. The options have a strike price of $0.13 and expire April 2024.

22. SUBSEQUENT EVENTS (continued)

Subsequent to February 28, 2021, the Company granted 375,536 RSUs to employees, directors and officers with vesting dates between May 1, 2021 and April 1, 2024, including 269,230 RSUs to directors, 46,480 RSUs to the Chief Executive Officer of the Company, and 34,846 RSUs to the

Chief Financial Officer of the Company. RSUs issued to Directors and Officers vest in three years. Restricted stock units issued to employees vest quarterly over two years.

Between March 1, 2021 and April 14, 2021, the Company issued 2,704,500 common shares through its at-the-market program at an average price of $0.12 for gross proceeds of $313,794. Commissions paid were $9,414 for net proceeds of $304,380.