



PERK LABS INC.

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended May 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

PERK LABS INC.

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended May 31, 2021 and 2020

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PERK LABS INC.**Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)**

As at	(Unaudited) May 31 2021	November 30 2020
ASSETS		
Current		
Cash	\$ 1,955,437	\$ 784,117
Amounts receivable (note 5)	134,671	57,390
Marketable securities (note 6)	1,045,770	286,910
Inventory	8,944	9,861
Prepaid expenses and deposits (note 7)	92,015	76,791
	3,236,837	1,215,069
Property and equipment (note 8)	188,732	229,919
Marketable securities (note 6)	932,675	90,000
Investment (note 6)	–	102,000
Investment in joint venture (note 9)	1	1
Total assets	4,358,245	1,636,989
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 19)	\$ 159,774	\$ 346,830
Current portion of lease liabilities (note 20)	90,634	76,655
	250,408	423,485
Lease liabilities (note 20)	109,486	156,666
Total liabilities	359,894	580,151
SHAREHOLDERS' EQUITY		
Share capital (note 10)	35,950,373	33,568,508
Reserves	5,837,012	5,518,697
Deficit	(37,789,034)	(38,030,367)
Total shareholders' equity	3,998,351	1,056,838
Total liabilities and shareholders' equity	\$ 4,358,245	\$ 1,636,989

Going concern (note 2)

Commitments (note 20)

Subsequent events (note 22)

/s/

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

/s/ James Topham

Director

/s/ Kirk Herrington

Director

PERK LABS INC.

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

	Note(s)	Three Months Ended		Six Months Ended	
		May 31 2021	May 31 2020	May 31 2021	May 31 2020
Revenue (note 17)	17	\$ 1,085	\$ 1,811	\$ 16,458	\$ 7,853
Cost of sales		1,765	2,065	20,323	7,262
Gross margin (loss)		(680)	(254)	(3,865)	591
Expenses					
Depreciation and amortization	8, 20	24,265	11,965	41,187	23,029
General and administration	12	295,131	386,218	567,682	692,243
Research and development	13	203,758	175,902	372,402	322,045
Sales and marketing	14	184,176	170,329	346,557	327,061
Share-based compensation	10, 11, 19	62,500	67,700	350,881	142,956
		769,830	812,114	1,678,709	1,507,334
Loss before other income (expenses)		(770,510)	(812,368)	(1,682,574)	(1,506,743)
Other income (expenses)					
Foreign exchange gain (loss)		(2,238)	2,860	(6,459)	2,258
Gain on sale of marketable securities	6	39,350	72,557	157,355	292,493
Government subsidies and grants		225,309	84,162	289,211	84,162
Interest expense	20	(8,730)	–	(17,978)	–
Interest income		2,007	1,861	2,242	7,598
Unrealized gain (loss) on marketable securities	6	(833,644)	(568,592)	1,499,536	(1,316,796)
		(577,946)	(407,152)	1,923,907	(930,285)
Net income (loss) and comprehensive income (loss) for the period		\$ (1,348,456)	\$ (1,219,520)	\$ 241,333	\$ (2,437,028)
Net income (loss) per share					
Basic		\$ (0.01)	\$ (0.01)	\$ 0.00	\$ (0.02)
Diluted		\$ (0.01)	\$ (0.01)	\$ 0.00	\$ (0.02)
Weighted average number of shares outstanding (basic)		174,137,635	141,278,408	168,042,971	139,778,332
Weighted average number of shares outstanding (diluted)		184,009,684	142,610,374	177,341,756	140,129,414

PERK LABS INC.**Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)**

	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	21,713,000	2,279,865	-	-	2,279,865
Share issuance costs	-	(106,650)	-	-	(106,650)
Shares issued for services	1,146,438	112,110	-	-	112,110
Stock options exercised	60,000	14,766	(5,766)	-	9,000
Warrants exercised	687,173	54,974	-	-	54,974
Shares issued under RSU plan	378,000	26,800	(26,800)	-	-
Share-based compensation	-	-	350,881	-	350,881
Net income for the period	-	-	-	241,333	241,333
Balance, May 31, 2021	176,459,606	\$ 35,950,373	\$ 5,837,012	\$ (37,789,034)	3,998,351

	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 services	743,125	58,391	-	-	58,391
Stock options exercised	107,500	16,438	-	-	16,438
Share-based compensation	-	-	142,956	-	142,956
Net loss for the period	-	-	-	(2,437,028)	(2,437,028)
Balance, May 31, 2020	141,505,253	\$ 33,155,114	\$ 5,141,496	\$ (35,976,456)	2,320,154

PERK LABS INC.**Condensed Consolidated Interim Statements of Cash Flows**
(Expressed in Canadian Dollars)
(Unaudited)

	Six Months Ended	
	May 31	May 31
	2021	2020
Cash provided by (used in)		
Operating activities		
Net income (loss)	\$ 241,333	\$(2,437,028)
Items not affecting cash		
Depreciation and amortization	41,187	23,029
Gain on sale of marketable securities	(157,355)	(292,493)
Interest expense on lease liability	17,978	-
Shares issued for services	112,110	58,391
Share-based compensation	350,881	142,956
Unrealized (gain) loss on marketable securities	(1,499,536)	1,316,796
	(893,402)	(1,188,349)
Net change in non-cash working capital	(278,644)	159,161
	(1,172,046)	(1,029,188)
Investing activities		
Proceeds from the sale of marketable securities	157,356	365,867
	157,356	365,867
Financing activities		
Proceeds from share issuances	2,343,839	134,542
Share issuance costs	(106,650)	-
Repayment of lease liabilities	(51,179)	-
	2,186,010	134,542
Net increase (decrease) in cash	1,171,320	(528,779)
Cash, beginning of the period	784,117	1,918,626
Cash, end of the period	\$ 1,955,437	\$ 1,389,847
Supplemental cash flow information (note 16)		

PERK LABS INC.

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

For the Three and Six Months Ended May 31, 2021 and 2020

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, 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 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 operating an online marketplace and mobile ordering and payment service with digital rewards on every purchase made. 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. The Company had nominal revenues, recorded a net income of \$241,333 (May 31, 2020 – net loss of \$2,437,028) and used cash of \$1,172,046 (May 31, 2020 - \$1,029,188) for operating activities during the six months ended May 31, 2020. As of that date, the Company had an accumulated deficit of \$37,789,034 (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 May 31, 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.

PERK LABS INC.

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

For the Three and Six Months Ended May 31, 2021 and 2020

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 unaudited 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.

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.

PERK LABS INC.**Notes to the Condensed Consolidated Interim Financial Statements
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(Unaudited)**

For the Three and Six Months Ended May 31, 2021 and 2020

3. BASIS OF PREPARATION (continued)**c) 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.

d) Reclassifications

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

e) 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 fair value of share-based compensation.

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 discount rates applied on marketable securities held in escrow and for the lack of liquidity in the trading volume of the Company's investment in certain marketable securities, 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.

f) 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 income/loss 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 profit or loss in the period in which it becomes receivable.

PERK LABS INC.**Notes to the Condensed Consolidated Interim Financial Statements
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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.

Other new standards and amendments to standards and interpretations are not effective for the period ended May 31, 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

	May 31 2021	November 30 2020
Goods and services tax receivable	\$ 19,119	\$ 47,898
Other receivables	115,552	9,492
	\$ 134,671	\$ 57,390

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

For the Three and Six Months Ended May 31, 2021 and 2020

6. MARKETABLE SECURITIES

	May 31 2021	November 30 2020
	Fair Value	
Current		
Better Plant Sciences Inc. (shares)	\$ 210,857	\$ 180,000
Better Plant Sciences Inc. (warrants)	144,713	106,910
Euro Asia pay (shares)	690,200	-
	\$ 1,045,770	\$ 286,910
Non-current		
Better Plant Sciences Inc. (shares)	-	90,000
Euro Asia Pay (shares)	932,675	102,000
	\$ 932,675	\$ 192,000
	\$ 1,978,445	\$ 478,910

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

During the six months ended May 31, 2021, the Company sold 1,350,000 (May 31, 2020 – 1,350,000) shares of BPS for proceeds of \$157,355 (May 31, 2020 - \$292,493) resulting in a realized gain of \$157,355 (May 31, 2020 - \$309,473).

At May 31, 2021, the fair value of the 5,460,000 (November 30, 2020 – 5,460,000) BPS warrants was \$144,713 (November 30, 2020 - \$106,910) calculated using the Black-Scholes option pricing model assuming no expected dividends, an expected life remaining of 2.40 (November 30, 2020 – 2.90) years, volatility of 124% (November 30, 2020 – 109%), and a risk-free rate of 0.38% (November 30, 2020 – 0.31%). For the six months ended May 31, 2021, the Company recognized an unrealized gain of \$37,803 (November 30, 2020 – unrealized loss of \$766,289) on the BPS warrants.

At May 31, 2021, 2,700,000 BPS common shares were held in escrow. Subsequent to quarter end, 1,350,000 shares were released on June 15, 2021 and the remaining 1,350,000 shares will be released on December 15, 2021. At May 30, 2021, the Company recorded a discount of \$5,143 (November 30, 2020 - \$13,500) on the carrying value of BPS common shares held in escrow with a corresponding entry to unrealized loss.

PERK LABS INC.**Notes to the Condensed Consolidated Interim Financial Statements
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(Unaudited)**

For the Three and Six Months Ended May 31, 2021 and 2020

6. MARKETABLE SECURITIES (continued)**Euro Asia Pay Holdings Inc. ("EAP") (continued)**

On February 25, 2021, EAP 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 EAP 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 February 25, 2021, 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. For the period ended May 31, 2021, the Company recorded a discount of \$842,125 on the carrying value of EAP common shares relating to shares held in escrow and for the lack of liquidity on the trading volume of EAP's common shares..

7. PREPAID EXPENSES AND DEPOSITS

	May 31 2021	November 30 2020
Deposit on office premises	\$ 49,697	\$ 49,697
Other prepaid expenses	42,318	27,094
	\$ 92,015	\$ 76,791

8. PROPERTY AND EQUIPMENT

	November 30 2019	Additions	November 30 2020	Additions	May 31 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	November 30 2020	Depreciation	May 31 2021
Accumulated depreciation					
Computer equipment	\$ 149,017	\$ 23,239	\$ 172,256	\$ 1,149	\$ 173,405
Furniture and fixtures	13,758	6,065	19,823	794	20,617
Leasehold improvements	220,474	-	220,474	-	220,474
Right of use lease asset	-	47,093	47,093	39,244	86,337
	\$ 383,249	\$ 76,397	\$ 459,646	\$ 41,187	\$ 500,833
Carrying Amounts	\$ 31,606		\$ 229,919		\$ 188,732

PERK LABS INC.

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

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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 six months ended May 31, 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-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.

(i) Shares issued for services

During the six months ended May 31, 2021, the Company issued an aggregate of 1,146,438 common shares with a fair value of \$112,110 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.

During the six months ended May 31, 2020, the Company issued an aggregate of 743,125 common shares with a fair value of \$58,391 for services. The fair value of the common shares issued was based on the end of day trading price of the Company’s common shares on the date of issuance.

PERK LABS INC.**Notes to the Condensed Consolidated Interim Financial Statements
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10. SHARE CAPITAL (continued)**(ii) Shares issued for equity financing**

During the six months ended May 31, 2021, the Company issued 15,641,000 common shares through its at-the-market offering filed 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.

During the six months ended May 31, 2021, the Company issued 6,072,000 common shares through its at-the-market offering filed February 17, 2021 at an average price of \$0.12 for gross proceeds of \$709,085 and net proceeds of \$687,813. As part of the offering, the Company paid commissions of \$21,272.

On January 31, 2020, the Company closed a private placement for 3,836,845 units at a price of \$0.046 per unit for gross proceeds of \$176,495. Each unit consisted of one common share and one common share purchase warrant. Warrants issued have an exercise price of \$0.08 per share for a period of 24 months from the date of issue. Warrants were valued at \$Nil using the residual value method.

b) Warrants

	Number of warrants	Weighted Average Exercise Price
Balance, November 30, 2020	3,836,845	\$ 0.08
Exercised	(687,173)	\$ 0.08
Balance, May 31, 2021	3,149,672	\$ 0.08

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price
January 31, 2022	0.67	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.

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

For the Three and Six Months Ended May 31, 2021 and 2020

10. SHARE CAPITAL (continued)**c) Restricted share units** (continued)

	Number of RSU	Weighted Average Exercise Price
Balance, November 30, 2020	5,916,053	\$ 0.08
Granted	3,072,069	\$ 0.11
Vested, issued and released	(447,375)	\$ 0.09
Forfeited	(748,750)	\$ 0.06
Balance, May 31, 2021	7,791,997	\$ 0.09

Expiration Dates	Outstanding RSUs	Weighted Average Exercise Price
February 1, 2023 – April 1, 2024	902,282	\$ 0.16
July 6, 2023 – May 3, 2024	5,382,600	\$ 0.09
October 1, 2022 – December 1, 2023	1,507,115	\$ 0.05
	7,791,997	\$ 0.09

For the six months ended May 31, 2021, the Company recognized share-based compensation expenses of \$292,784 (May 31, 2020 – \$Nil) related to RSUs granted and vested, of which \$247,613 (May 31, 2020 - \$Nil) were granted to officers and directors of the Company.

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 six months ended May 31, 2021, the Company recognized share-based compensation expenses of \$58,097 (May 31, 2020 - \$142,956) related to stock options granted to employees, directors, officers and consultants.

PERK LABS INC.

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

For the Three and Six Months Ended May 31, 2021 and 2020

11. STOCK OPTIONS (continued)

The following summarizes the stock options outstanding.

	Number of Options	Weighted Average Exercise Price	
Balance, November 30, 2020	7,451,000	\$	0.21
Granted	1,350,000	\$	0.07
Forfeited	(12,500)	\$	0.06
Expired	(232,500)	\$	0.15
Exercised ¹	(60,000)	\$	0.15
Outstanding, May 31, 2021	8,496,000	\$	0.19
Exercisable, May 31, 2021	6,251,000	\$	0.22

1. The share price at the date options were exercised was \$0.155 on February 4, 2021. No options were exercised in the six months ended May 31, 2020.

Exercise Price	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
\$ 0.05	3.49	950,000	225,000
\$ 0.10	2.97	1,132,500	650,000
\$ 0.11	3.08	470,000	407,500
\$ 0.12	3.99	20,000	20,000
\$ 0.13	2.83	50,000	—
\$ 0.14	2.93	200,000	25,000
\$ 0.15	2.57	1,420,000	670,000
\$ 0.16	2.89	3,843,500	3,843,500
\$ 0.18	3.75	60,000	60,000
\$ 1.46	1.64	350,000	350,000
\$ 0.19	2.85	8,496,000	6,251,000

The weighted average remaining life of the options outstanding is 2.85 years.

For the six months ended May 31, 2021, the weighted-average fair value of options granted was \$0.10 (May 31, 2020 - \$0.08), and the weighted average share price for stock options exercised was \$0.15 (May 31, 2020 - \$0.06).

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

	May 31 2021	May 31 2020
Risk-free interest rate	0.50%	1.01%
Expected volatility	169%	141%
Expected option life (in years)	3	5
Expected forfeiture rate	5%	0%

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12. GENERAL AND ADMINISTRATION EXPENSES

	Three Months Ended		Six Months Ended	
	May 31	May 31	May 31	May 31
	2021	2020	2021	2020
Bank charges and interest	\$ 2,218	\$ 3,172	\$ 3,833	\$ 7,004
Consulting fees	–	41,000	–	56,000
Directors' fees (note 19)	35,000	70,000	70,000	140,000
Insurance	3,559	2,704	6,570	5,091
Investor relations	18,931	4,375	36,267	14,368
Legal, accounting and auditing	20,223	58,824	56,333	82,429
Office	9,779	6,004	27,055	16,173
Rent	16,200	38,277	33,154	76,751
Transfer agent and filing fees	40,874	45,382	64,153	59,633
Travel	59	–	106	–
Wages and benefits (note 18)	148,288	116,480	270,211	234,794
	\$ 295,131	\$ 386,218	\$ 567,682	\$ 692,243

13. RESEARCH AND DEVELOPMENT EXPENSES

	Three Months Ended		Six Months Ended	
	May 31	May 31	May 31	May 31
	2021	2020	2021	2020
Consulting	\$ 63,776	\$ 62,067	\$ 119,576	\$ 105,267
Information technology	23,221	43,159	37,027	83,099
Wages and benefits (note 18)	116,761	70,676	215,799	133,679
	\$ 203,758	\$ 175,902	\$ 372,402	\$ 322,045

14. SALES AND MARKETING EXPENSES

	Three Months Ended		Six Months Ended	
	May 31	May 31	May 31	May 31
	2021	2020	2021	2020
Consulting fees	\$ 63,256	\$ 52,277	\$ 132,526	\$ 102,146
Promotions and events	3,414	11,890	7,072	22,187
Sales and marketing	71,793	38,065	89,710	66,081
Travel	78	212	78	827
Wages and benefits (note 18)	45,635	67,885	117,171	135,820
	\$ 184,176	\$ 170,329	\$ 346,557	\$ 327,061

PERK LABS INC.**Notes to the Condensed Consolidated Interim Financial Statements
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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

	Six Months Ended	
	May 31 2021	May 31 2020
Non-cash investing and financing activities		
Common shares issued for services	\$ 112,110	\$ 58,391
Common shares issued for under RSU plan	26,810	-
Transfer of reserves upon exercise of stock options	5,766	-
Supplementary disclosures		
Income taxes paid	\$ -	\$ -
Interest paid on lease liabilities	\$ (17,978)	\$ -
Interest received	\$ 2,242	\$ 7,598

17. REVENUE

The breakdown of revenue for the three and six months ended May 31, 2021 and 2020 is as follows:

	Three Months Ended		Six Months Ended	
	May 31 2021	May 31 2020	May 31 2021	May 31 2020
Transaction revenue	\$ 937	\$ 1,811	\$ 1,814	\$ 7,853
Product revenue	148	-	14,644	-
	\$ 1,085	\$ 1,811	\$ 16,458	\$ 7,853

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 six months ending May 31, 2021, the Company received \$114,313 (May 31, 2020 - \$80,726) under this program which is reflected in government subsidies and grants in other income. An additional \$96,364 has been recognized in government subsidies and grants in other income which remains owing to the company and is recorded in other amounts receivable. 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

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18. GOVERNMENT GRANTS (continued)

the six months ended May 31, 2021, the Company received \$34,901 under this program which is reflected in government in government subsidies and grants in other income. An additional \$17,842 has been recognized in government subsidies and grants in other income which remains owing to the company and is recorded in other amounts receivable. There are no unfulfilled conditions or other contingencies attached to the current CERS.

For the period ended May 31, 2021, the Company received \$18,291 from the Digital Skills for Youth (DS4Y) funded by the Government of Canada which provides up to \$25,500 so youth (aged 15-30) can successfully transition to the workforce.

For the period ended May 31, 2021, the Company received \$7,500 from the Information and Communications Technology Council (ICTC) Work-Integrated Learning Digital program that provides a subsidy of up to \$7,500 per student to eligible Canadian companies in emerging ICT sectors to hire students.

For the period ended May 31, 2020, the Company received \$3,436 from the Innovate BC Innovator Skills Initiative (ISI) grant. This program provides companies with up to \$5,000 towards an eligible student's payroll for a maximum of two students per intake year (May – April).

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:

	May 31 2021	May 31 2020
Directors' fees	\$ 70,000	\$ 140,000
Remuneration and fees	368,785	244,167
Share based compensation	258,517	62,660
	\$ 697,302	\$ 446,827

At May 31, 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 May 31, 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 May 31, 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 May 31, 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 May 31, 2021, the Company owed \$12,501 (November 30, 2020 - \$18,769) to the Chief

PERK LABS INC.

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

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19. RELATED PARTY TRANSACTIONS (continued)

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%.

The following is a continuity schedule of lease liabilities for the Six Months ended May 31, 2021.

	\$
Balance, November 30, 2020	233,321
Lease payments	(51,179)
Interest expenses on lease liabilities	17,978
Balance at May 31, 2021	200,120
Current portion	90,634
Non-current portion	109,486

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.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (continued)**

	Fair value measurements using			Balance, May 31, 2021 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Marketable securities	1,833,732	144,713	-	1,978,445
	1,833,732	144,713	-	1,978,445

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

b) Market risk

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

(i) Interest rate risk

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

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

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

(ii) Foreign currency risk

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

The Company is exposed to foreign currency risk with respect to its US denominated bank account. At May 31, 2021, financial instruments were converted at a rate of \$1 US dollar

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**b) Market risk (continued)****(ii) Foreign currency risk (continued)**

to \$1.2072 (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 amounts receivable. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. For amounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counterparties.

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

(iv) Liquidity risk

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

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash at May 31, 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.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**b) Market risk (continued)****(v) Capital risk management (continued)**

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

The Company is exposed to price risk with respect to its marketable securities. The Company's marketable securities consist of common shares and share purchase warrants held in publicly-traded companies and profitability depends upon the market price of the common shares in the public market. The market price for common shares of publicly-traded companies can fluctuate significantly, and there is no assurance that the future market price will not decrease significantly.

22. SUBSEQUENT EVENTS

Subsequent to May 31, 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 \$0.085 and expire June 2024. The Company also granted 10,000 options to an employee that vest bi-annually over a period of two years. The options have a strike price of \$0.085 and expire June 2026.

Subsequent to May 31, 2021, the Company granted 641,983 RSUs to employees, directors and officers with vesting dates between November 1, 2021 and July 2, 2024, including 388,888 RSUs to directors, 87,482 RSUs to the Chief Executive Officer of the Company, and 65,613 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 June 1, 2021 and July 14, 2021, the Company issued 1,338,000 common shares through its at-the-market program at an average price of \$0.09 for gross proceeds of \$114,537. Commissions paid were \$3,436 for net proceeds of \$111,101.