PERK LABS INC.

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended August 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian Dollars)

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended August 31, 2021 and 2020 **Page**

PERK LABS INC.

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

As at		**(Unaudited) August 31 2021**		November 30 2020
ASSETS				
Current				
Cash	**$**	**1,692,639**	$	784,117
Amounts receivable (note 5)		**24,047**		57,390
Marketable securities (note 6)		**984,880**		286,910
Inventory		**9,302**		9,861
Prepaid expenses and deposits (note 7)		**91,541**		76,791
		2,802,409		1,215,069
Property and equipment (note 8)		**159,049**		229,919
Marketable securities (note 6)		**601,190**		90,000
Investment (note 6)		**–**		102,000
Investment in joint venture (note 9)		**1**		1
Total assets		**3,562,649**		1,636,989
LIABILITIES				
Current				
Accounts payable and accrued liabilities (note 19)	**$**	**193,032**	$	346,830
Current portion of lease liabilities (note 20)		**95,097**		76,655
		288,129		423,485
Lease liabilities (note 20)		**83,773**		156,666
Total liabilities		**371,902**		580,151
SHAREHOLDERS' EQUITY				
Share capital (note 10)		**36,196,264**		33,568,508
Reserves		**5,863,867**		5,518,697
Deficit		**(38,869,384)**		(38,030,367)
Total shareholders' equity		**3,190,747**		1,056,838
Total liabilities and shareholders' equity	**$**	**3,562,649**	$	1,636,989

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

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on October 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)
(Expressed in Canadian Dollars)
(Unaudited)

	Note(s)	Three Months Ended **August 31 2021**	Three Months Ended August 31 2020	Nine Months Ended **August 31 2021**	Nine Months Ended August 31 2020
Revenue (note 17)	17	**$ 6,447**	$ 10,053	**$ 22,905**	$ 17,906
Cost of sales		**4,004**	11,240	**24,327**	18,502
Gross margin (loss)		**2,443**	(1,187)	**(1,422)**	(596)
Expenses					
Depreciation and amortization	8, 20	**32,037**	27,608	**73,224**	50,637
General and administration	12	**309,832**	111,260	**877,514**	803,503
Research and development	13	**204,742**	209,766	**577,144**	531,811
Sales and marketing	14	**115,127**	168,353	**461,684**	495,414
Share-based compensation	10,11,19	**55,261**	42,242	**406,142**	185,198
		716,999	559,229	**2,395,708**	2,066,563
Loss before other income (expenses)		**(714,556)**	(560,416)	**(2,397,130)**	(2,067,159)
Other income (expenses)					
Foreign exchange gain (loss)		**1,993**	(5,743)	**(4,466)**	(3,485)
Gain on sale of marketable securities	6	**24,055**	104,011	**181,410**	396,504
Government subsidies and grants	18	**7,500**	203,543	**296,711**	287,705
Interest expense	20	**(7,898)**	(11,002)	**(25,876)**	(11,002)
Interest income		**932**	746	**3,174**	8,344
Unrealized gain (loss) on marketable securities	6	**(392,376)**	(475,491)	**1,107,160**	(1,792,287)
		(365,794)	(183,936)	**1,558,113**	(1,114,221)
Net loss and comprehensive loss for the period		**$ (1,080,350)**	**$ (744,352)**	**$ (839,017)**	**$ (3,181,380)**
Basic and diluted loss per share		**$ (0.01)**	$ (0.01)	**$ (0.00)**	$ (0.02)
Weighted average number of shares outstanding		**177,191,055**	141,792,903	**171,369,658**	140,453,707

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
(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	24,394,000		2,483,108		–		–		2,483,108
Share issuance costs	–		(117,908)		–		–		(117,908)
Shared issued for services	1,440,229		137,610		–		–		137,610
Stock options exercised	60,000		14,766		(5,766)		–		9,000
Warrants exercised	687,173		54,974		–		–		54,974
Shares issued under RSU plan	565,125		55,206		(55,206)		–		–
Share-based compensation	–		–		406,142		–		406,142
Net income for the period	–		–		–		(839,017)		(839,017)
Balance, August 31, 2021	**179,621,522**	**$**	**36,196,264**	**$**	**5,863,867**	**$**	**(38,869,384)**	**$**	**3,190,747**

	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	4,220,845		197,715		–		–		197,715
Share issuance costs	–		(228,686)		–		–		(228,686)
Shared issued for services	1,048,161		85,325		–		–		85,325
Stock options exercised	107,500		16,438		–		–		16,438
Shares issued under RSU plan	157,000		15,700		(15,700)		–		–
Share-based compensation	–		–		185,198		–		185,198
Net loss for the period	–		–		–		(3,181,380)		(3,181,380)
Balance, August 31, 2020	**142,351,289**	**$**	**32,990,282**	**$**	**5,168,038**		**(36,720,808)**	**$**	**1,437,512**

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

PERK LABS INC.

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

	Nine Months Ended August 31 2021	August 31 2020
Cash provided by (used in)		
Operating activities		
Net income (loss)	$ **(839,017)**	$ (3,181,380)
Items not affecting cash		
Depreciation and amortization	**73,224**	50,637
Gain on sale of marketable securities	**(181,410)**	(396,504)
Gain on rent concession	**-**	(18,338)
Interest expense on lease liability	**25,876**	11,002
Shares issued for services	**137,610**	85,325
Share-based compensation	**406,142**	185,198
Unrealized (gain) loss on marketable securities	**(1,107,160)**	1,792,287
	(1,484,735)	(1,471,773)
Net change in non-cash working capital	**(134,646)**	(65,737)
	(1,619,381)	(1,537,510)
Investing activities		
Purchase of property, plant and equipment	**(2,354)**	-
Proceeds from the sale of marketable securities	**181,410**	592,335
	179,056	592,335
Financing activities		
Proceeds from share issuances	**2,547,082**	214,153
Share issuance costs	**(117,908)**	(228,686)
Repayment of lease liabilities	**(80,327)**	(28,454)
	2,348,847	(42,987)
Net increase (decrease) in cash	**908,522**	(988,162)
Cash, beginning of the period	**784,117**	1,918,626
Cash, end of the period	$ **1,692,639**	$ 930,464

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, on the OTCQB under the symbol PKLBF; and on the Frankfurt Stock Exchange under the symbol PKLB.

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 loss of $839,017 (August 31, 2020 – $3,181,380) and used cash of $1,619,381 (August 31, 2020 - $1,537,510) for operating activities during the nine months ended August 31, 2020. As of that date, the Company had an accumulated deficit of $38,869,384 (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 August 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.

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 audited 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.

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 consolidated statement of operations in the period in which it becomes receivable.

(Expressed in Canadian Dollars)

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 August 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

	August 31 2021	November 30 2020
Goods and services tax receivable	**$ 20,142**	$ 47,898
Other receivables	**3,905**	9,492
	$ 24,047	$ 57,390

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES

		August 31 2021		November 30 2020
		Fair Value		
Current				
Better Plant Sciences Inc. (shares)	**$**	**99,864**	$	180,000
Better Plant Sciences Inc. (warrants)		**87,175**		106,910
Euro Asia pay (shares)		**797,841**		-
	$	**984,880**	$	286,910
Non-current				
Better Plant Sciences Inc. (shares)		**-**		90,000
Euro Asia Pay (shares)		**601,190**		102,000
	$	**601,190**	$	192,000
	$	**1,586,070**	$	478,910

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

During the nine months ended August 31, 2021, the Company sold 1,750,000 (August 31, 2020 – 2,230,000) shares of BPS for proceeds of $181,410 (August 31, 2020 - $396,504) resulting in a realized gain of $181,410 (August 31, 2020 - $396,504).

At August 31, 2021, the fair value of the 5,460,000 (November 30, 2020 – 5,460,000) BPS warrants was $87,175 (November 30, 2020 - $106,910) calculated using the Black-Scholes option pricing model assuming no expected dividends, an expected life remaining of 2.20 (November 30, 2020 – 2.90) years, volatility of 133% (November 30, 2020 – 109%), and a risk-free rate of 0.48% (November 30, 2020 – 0.31%). For the nine months ended August 31, 2021, the Company recognized an unrealized loss of $19,735 (November 30, 2020 – unrealized loss of $766,289) on the BPS warrants.

At August 31, 2021, 1,350,000 BPS common shares were held in escrow. The remaining 1,350,000 shares will be released on December 15, 2021.

(Expressed in Canadian Dollars)

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 1,062,500 shares have been released as of August 31, 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 August 31, 2021, the Company recorded a discount of $725,970 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

	August 31 2021	November 30 2020
Deposit on office premises	**$ 51,351**	$ 49,697
Other prepaid expenses	**40,190**	27,094
	$ 91,541	$ 76,791

8. PROPERTY AND EQUIPMENT

	November 30 2019	Additions	November 30 2020	Additions	August 31 2021
Cost					
Computer equipment	$ 173,594	$ -	$ 173,594	$ 2,354	**$ 175,948**
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	$ 2,354	**$ 691,919**

	November 30 2019	Depreciation	November 30 2020	Depreciation	August 31 2021
Accumulated depreciation					
Computer equipment	$ 149,017	$ 23,239	$ 172,256	$ 1,620	**$ 173,876**
Furniture and fixtures	13,758	6,065	19,823	964	**20,787**
Leasehold improvements	220,474	-	220,474	–	**220,474**
Right of use lease asset	-	47,093	47,093	70,640	**117,733**
	$ 383,249	$ 76,397	$ 459,646	$ 73,224	**$ 532,870**
Carrying Amounts	$ 31,606		$ 229,919		**$ 159,049**

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 nine months ended August 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 nine months ended August 31, 2021, the Company issued an aggregate of 1,440,229 common shares with a fair value of $137,610 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 nine months ended August 31, 2020, the Company issued an aggregate of 1,048,161 common shares with a fair value of $85,325 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.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

(ii) Shares issued for equity financing

During the nine months ended August 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 nine months ended August 31, 2021, the Company issued 8,753,000 common shares through its at-the-market offering filed February 17, 2021 at an average price of $0.10 for gross proceeds of $912,328 and net proceeds of $884,958. As part of the offering, the Company paid commissions of $27,370.

During the nine months ended August 31, 2020, the Company issued 384,000 common shares through its at-the-market offering at an average price of $0.055 for proceeds of $21,220. Commissions paid were $637 for net proceeds of $20,583.

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, August 31, 2021	**3,149,672**	**$**	**0.08**

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price	
January 31, 2022	0.42	3,149,672	$	0.08

c) Restricted share units

The Company has established a long-term RSU incentive plan for executives and certain employees which was finalized and approved at the Company's Annual General Meeting held on June 10, 2020. An amended plan was approved at the Company's Annual General Meeting held on June 9, 2021. 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.

(Expressed in Canadian Dollars)

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	3,817,402	$	0.11
Vested and issued	(565,125)	$	0.10
Forfeited	(1,118,750)	$	0.09
Balance, August 31, 2021	**8,049,580**	**$**	**0.09**

Expiration Dates	Outstanding RSUs		Weighted Average Exercise Price
October 1, 2021 - April 1, 2024	668,532	$	0.16
October 1, 2021 - August 3, 2024	5,923,933	$	0.09
October 1, 2021 - September 1, 2024	1,457,115	$	0.05
	8,049,580	**$**	**0.09**

For the nine months ended August 31, 2021, the Company recognized share-based compensation expenses of $348,045 (August 31, 2020 – $59,414) related to RSUs granted and vested, of which $304,734 (August 31, 2020 - $26,304) 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”) which was amended and approved at the Company’s Annual General Meeting on June 9, 2021. 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 15% 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 $0.05. 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 nine months ended August 31, 2021, the Company recognized share-based compensation expenses of $44,561 (August 31, 2020 - $49,679) related to stock options granted to employees and consultants and share-based compensation of $13,536 (August 31, 2020 - $76,105) related to stock options granted to officers and directors.

(Expressed in Canadian Dollars)

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	$	0.23
Granted	1,420,000	$	0.07
Forfeited	(187,500)	$	0.06
Expired	(385,000)	$	0.15
Exercised	(60,000)	$	0.15
Outstanding, August 31, 2021	**8,238,500**	**$**	**0.19**
Exercisable, August 31, 2021	**6,353,500**	**$**	**0.21**

	Exercise Price	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
$	0.05	3.07	800,000	400,000
$	0.08	3.35	70,000	–
$	0.10	2.72	1,105,000	690,000
$	0.11	2.84	470,000	432,500
$	0.12	3.75	20,000	20,000
$	0.13	2.59	50,000	12,500
$	0.14	2.69	200,000	25,000
$	0.15	2.63	1,270,000	520,000
$	0.16	2.65	3,843,500	3,843,500
$	0.18	3.51	60,000	60,000
$	1.46	1.39	350,000	350,000
$	**0.19**	**2.67**	**8,238,500**	**6,353,500**

The weighted average remaining life of the options outstanding is 2.67 years.

For the nine months ended August 31, 2021, the weighted-average fair value of options granted was $0.15 (August 31, 2020 - $0.08), and the weighted average share price for stock options exercised was $0.15 (August 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:

	August 31 2021	August 31 2020
Risk-free interest rate	**0.38%**	0.58%
Expected volatility	**167.7%**	146.4%
Expected option life (in years)	**3.49**	4.7
Expected forfeiture rate	**5%**	5%

(Expressed in Canadian Dollars)

12. GENERAL AND ADMINISTRATION EXPENSES

	Three Months Ended		Nine Months Ended	
	August 31 2021	August 31 2020	**August 31 2021**	August 31 2020
Bank charges and interest	**$ 2,212**	$ 2,391	**$ 6,045**	$ 9,395
Consulting fees	**–**	16,116	**–**	72,116
Directors' fees (note 19)	**35,000**	(110,833)	**105,000**	29,167
Insurance	**3,578**	2,705	**10,148**	7,796
Investor relations	**13,671**	2,637	**49,938**	17,005
Legal, accounting and auditing	**71,194**	24,775	**127,527**	107,204
Office	**8,582**	11,532	**35,637**	27,705
Rent	**17,836**	(12,506)	**50,990**	64,245
Transfer agent and filing fees	**25,695**	34,563	**89,848**	94,196
Travel	**–**	48	**106**	48
Wages and benefits (note 19)	**132,064**	139,832	**402,275**	374,626
	$ 309,832	$ 111,260	**$ 877,514**	$ 803,503

13. RESEARCH AND DEVELOPMENT EXPENSES

	Three Months Ended		Nine Months Ended	
	August 31 2021	August 31 2020	**August 31 2021**	August 31 2020
Consulting	**$ 61,725**	$ 42,133	**$ 181,301**	$ 147,400
Information technology	**21,685**	30,233	**58,712**	113,332
Wages and benefits (note 19)	**121,332**	137,400	**337,131**	271,079
	$ 204,742	$ 209,766	**$ 577,144**	$ 531,811

14. SALES AND MARKETING EXPENSES

	Three Months Ended		Nine Months Ended	
	August 31 2021	August 31 2020	**August 31 2021**	August 31 2020
Consulting fees	**$ 12,250**	$ 52,538	**$ 144,776**	$ 154,684
Promotions and events	**4,924**	5,963	**11,996**	28,150
Sales and marketing	**58,200**	44,308	**147,909**	110,389
Travel	**-**	610	**78**	1,436
Wages and benefits (note 19)	**39,753**	64,934	**156,925**	200,754
	$ 115,127	$ 168,353	**$ 461,684**	$ 495,414

(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

	Nine Months Ended	
	August 31 2021	August 31 2020
Non-cash investing and financing activities		
Common shares issued for services	**$ 137,610**	$ 85,325
Common shares issued for under RSU plan	**55,206**	15,700
Transfer of reserves upon exercise of stock options	**5,766**	-
Supplementary disclosures		
Income taxes paid	**$ -**	$ -
Interest paid on lease liabilities	**$** (25,876)	$ (11,002)
Interest received	**$** 3,174	$ 8,344

17. REVENUE

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

	Three Months Ended		Nine Months Ended	
	August 31 2021	August 31 2020	**August 31 2021**	August 31 2020
Licensing revenue	**$ 3,000**	$ -	**$ 3,000**	$ -
Transaction revenue	**2,720**	1,905	**4,534**	9,758
Product revenue	**727**	8,148	**15,371**	8,148
	$ 6,447	$ 10,053	**$ 22,905**	$ 17,906

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 nine months ending August 31, 2021, the Company received $210,677 (August 31, 2020 - $280,890) 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

(Expressed in Canadian Dollars)

18. GOVERNMENT GRANTS (continued)

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 nine months ended August 31, 2021, the Company received $52,743 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.

For the period ended August 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 August 31, 2021, the Company received $15,000 from the Information and Communications Technology Council (ICTC) Work-Integrated Learning Digital program that provides a subsidy of up $7,500 per student to eligible Canadian companies in emerging ICT sectors to hire students.

For the period ended August 31, 2020, the Company received $6,815 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:

	August 31 2021	August 31 2020
Directors' fees	**$ 105,000**	$ 29,167
Remuneration and fees	**519,239**	341,727
Share based compensation	**318,270**	101,685
	$ 942,510	$ 472,579

At August 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 August 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 August 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 August 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.

(Expressed in Canadian Dollars)

19. RELATED PARTY TRANSACTIONS (continued)

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 Nine Months ended August 31, 2021.

	$
Balance, November 30, 2020	233,321
Lease payments	(80,327)
Interest expense on lease liabilities	25,876
Balance at August 31, 2021	**178,870**
Current portion	95,097
Non-current portion	83,773

The following is a reconciliation from the undiscounted lease payments to the lease liabilities.

Year Ended		Amount
2021	**$**	**29,148**
2022		**117,980**
2023		**59,684**
Total remaining contractual cash flows		206,812
Less: interest		(27,940)
Lease liabilities, August 31, 2021	**$**	**178,870**

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:

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)

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, August 31, 2021 $**
Marketable securities	1,498,895	87,175	-	1,586,070
	1,498,895	**87,175**	**-**	**1,586,070**

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.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk (continued)

(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 August 31, 2021, financial instruments were converted at a rate of $1 US dollar to $1.2617 (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 August 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.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk (continued)

(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

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 August 31, 2021, the Company granted 754,146 RSUs to employees, directors and officers with vesting dates between December 1, 2021 and October 1, 2024, including 538,462 RSUs to directors, 94,676 RSUs to the Chief Executive Officer of the Company, and 71,008 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 September 1, 2021 and October 14, 2021, the Company issued 575,000 common shares through its at-the-market program at an average price of $0.07 for gross proceeds of $37,625. Commissions paid were $1,129 for net proceeds of $36,496.