



PERK LABS INC.

Consolidated Financial Statements

For the Years Ended November 30, 2021 and 2020

(Expressed in Canadian Dollars)

PERK LABS INC.

Consolidated Financial Statements

For the Years Ended November 30, 2021 and 2020

	Page
Independent Auditor's Report	3
Consolidated Statements of Financial Position	5
Consolidated Statements of Operations and Comprehensive Loss	6
Consolidated Statements of Changes in Equity	7
Consolidated Statements of Cash Flows	8
Notes to the Consolidated Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Perk Labs Inc.

Opinion

We have audited the consolidated financial statements of Perk Labs Inc. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2021 and 2020, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at November 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$1,487,312 and used cash of \$2,205,048 for operating activities during the year ended November 30, 2021 and, as of that date, had a deficit of \$39,517,679. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Henry Chow.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

March 1, 2022

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

As at	November 30 2021	November 30 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 1,287,468	\$ 784,117
Amounts receivable	29,579	57,390
Marketable securities (note 6)	987,828	286,910
Inventory	9,074	9,861
Prepaid expenses and deposits	83,360	76,791
	2,397,309	1,215,069
Property and equipment (note 7)	135,221	229,919
Marketable securities (note 6)	651,994	90,000
Investment (note 6)	–	102,000
Investment in joint venture (note 8)	–	1
Total assets	3,184,524	1,636,989
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 19)	\$ 302,110	\$ 346,830
Current portion of lease liabilities (note 20)	99,702	76,655
	401,812	423,485
Lease liabilities (note 20)	56,964	156,666
Total liabilities	458,776	580,151
SHAREHOLDERS' EQUITY		
Share capital (note 9)	36,359,451	33,568,508
Reserves (notes 9 and 10)	5,883,976	5,518,697
Deficit	(39,517,679)	(38,030,367)
Total shareholders' equity	2,725,748	1,056,838
Total liabilities and shareholders' equity	\$ 3,184,524	\$ 1,636,989

Going concern (note 2)

Commitments (note 20)

Subsequent events (note 22)

Approved and authorized for issue by the Board of Directors on March 1, 2022:

/s/ Kirk Herrington

Director

/s/ James Topham

Director

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

	Note(s)	Year ended	
		November 30 2021	November 30 2020
Revenue	16	\$ 28,947	\$ 63,896
Cost of sales		27,439	67,827
Gross margin (loss)		1,508	(3,931)
Operating expenses			
Depreciation	7	97,052	76,397
General and administration	11	1,169,643	1,181,457
Research and development	12	920,927	725,915
Sales and marketing	13	577,495	676,833
Share-based compensation	9,10,19	442,345	563,690
Total operating expenses		3,207,462	3,224,292
Loss before other income (expenses)		(3,205,954)	(3,228,223)
Other income (expenses)			
Foreign exchange (loss)		(6,008)	(3,629)
Gain on sale of marketable securities	6	258,054	433,874
Government subsidies and grants	17	322,617	339,234
Interest expense	20	(32,820)	(20,395)
Interest income		4,876	8,775
Impairment of investment in joint venture	8	(1)	-
Other income		22	
Unrealized gain (loss) on marketable securities	6	1,171,902	(2,020,575)
Total other income (expenses)		1,718,642	(1,262,716)
Net loss and comprehensive loss for the year		\$ (1,487,312)	\$ (4,490,939)
Basic and diluted loss per share		\$ (0.01)	\$ (0.03)
Weighted average number of shares outstanding		173,653,486	141,770,052

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

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

	Number of Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
Balance, November 30, 2020	152,474,995	\$ 33,568,508	\$ 5,518,697	\$(38,030,367)	1,056,838
Shares issued for cash	26,569,000	2,612,718	—	—	2,612,718
Share issuance costs	—	(125,508)	—	—	(125,508)
Shares issued for services	1,826,126	162,693	—	—	162,693
Stock options exercised	60,000	14,766	(5,766)	—	9,000
Warrants exercised	687,173	54,974	—	—	54,974
Shares issued under RSU plan	696,625	71,300	(71,300)	—	—
Share-based compensation	—	—	442,345	—	442,345
Net loss for the year	—	—	—	(1,487,312)	(1,487,312)
Balance, November 30, 2021	182,313,919	\$ 36,359,451	\$ 5,883,976	\$(39,517,679)	2,725,748

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

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

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

	Year ended	
	November 30 2021	November 30 2020
Cash provided by (used in)		
Operating activities		
Net loss	\$ (1,487,312)	\$ (4,490,939)
Items not affecting cash		
Depreciation	97,052	76,397
Gain on sale of marketable securities	(258,054)	(433,874)
Gain on rent concession	–	(23,845)
Interest expense on lease liability	32,820	20,395
Impairment of investment in joint venture	1	-
Shares issued for services	162,693	123,035
Share-based compensation	442,345	563,690
Unrealized (gain) loss on marketable securities	(1,171,902)	2,020,575
	(2,182,357)	(2,144,566)
Net change in non-cash working capital	(22,691)	(79,859)
	(2,205,048)	(2,224,425)
Investing activities		
Purchase of property, plant and equipment	(2,354)	–
Proceeds from the sale of marketable securities	269,044	629,705
	266,690	629,705
Financing activities		
Proceeds from share issuances	2,676,692	622,024
Share issuance costs	(125,508)	(123,873)
Repayment of lease liabilities	(109,475)	(37,940)
	2,441,709	460,211
Net increase (decrease) in cash	503,351	(1,134,509)
Cash and cash equivalents, beginning of the year	784,117	1,918,626
Cash and cash equivalents, end of the year	\$ 1,287,468	\$ 784,117
Supplemental cash flow information (note 15)		

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

For the Years Ended November 30, 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 (formerly GET) and began trading on September 7, 2016; on the OTCQB under the symbol PKLBF (formerly GLNNF); and on the Frankfurt Stock Exchange under the symbol PKLB (formerly GJT).

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

The Company’s principal business is operating a digital franchisor in which franchisees can sell restaurant ordering software coupled with digital rewards on every purchase made. It also operates 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 consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. The Company incurred a net loss of \$1,487,312 and used cash of \$2,205,048 for operating activities during the year ended November 30, 2021. As of that date, the Company had an accumulated deficit of \$39,517,679.

The Company is continuing to enhance its mobile payment applications. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to November 30, 2021 is uncertain. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate and the impact of those adjustments could be material.

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 rise of additional variants beyond Delta and Omicron, the effects of the COVID-19 pandemic on the Company’s suppliers and vendors and the remedial actions and stimulus measures adopted by local

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

For the Years Ended November 30, 2021 and 2020

2. GOING CONCERN (continued)

and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future; therefore, the Company cannot reasonably estimate the impact at this time on our business, liquidity, capital resources, and financial results.

3. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

b) Basis of measurement

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

c) Presentation and functional currency

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

d) Foreign currency transactions

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

e) Basis of consolidation

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

f) Reclassifications

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

g) Critical accounting judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are

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

For the Years Ended November 30, 2021 and 2020

3. BASIS OF PREPARATION (continued)

g) Critical accounting judgments and estimates (continued)

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, recognition of deferred income tax assets, and the fair value of share-based compensation.

Judgments made by management in the application of IFRS that have significant effect on the consolidated financial statements include the factors that are used in determining the fair value of privately held investments, the 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.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position is comprised of cash held at financial institutions and cash on hand. The Company considers all highly liquid investments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in fair value to be cash equivalents.

b) Marketable securities

Marketable securities is comprised of equity instruments of publicly traded companies reported at fair value with any realized and unrealized gains or losses recognized in the consolidated statement of operations.

c) Inventory

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

d) Property and equipment

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

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

For the Years Ended November 30, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment (continued)

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of operations.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Depreciation commences when the equipment is put into use. Depreciation is recognized in the consolidated statement of operations using the following rates:

Computer equipment	2 years straight-line
Furniture and equipment	3 years straight-line

Leasehold improvements and right-of-use assets are amortized on a straight-line basis over the term of the lease.

e) Intangible assets

The Company's intangible assets are carried at cost less accumulated amortization and impairment. Intangible assets are capitalized when the costs can be measured reliably and it is probable that the future economic benefits that are attributable to the asset will flow to the Company. Costs that do not meet the definition of capitalization under IAS 38, Intangible Assets, are expensed as incurred. Intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable through future discounted net cash flows from the use or disposal of the asset. Currently, the Company does not have any capitalized intangible assets.

f) Impairment

At each financial reporting date, the carrying amounts of the Company's long lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell, and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations.

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

For the Years Ended November 30, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Investments

Investment in non-listed equity shares where the Company does not have a significant influence are reported at fair value through profit or loss. If the recoverable amount of the investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations.

h) Financial instruments

IFRS 9, Financial Instruments ("IFRS 9"), uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. Under IFRS 9, the classification of financial assets is based on two criteria: the Company's business objectives for managing the assets; and whether the financial instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI test"). Financial assets are required to be reclassified only when the business model under which they are managed has changed.

(i) Financial assets

The Company initially recognizes financial assets at fair value on the date the Company becomes a party to the contractual provisions of the instrument. The Company recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Under IFRS 9, financial assets are initially measured at fair value. In the case of a financial asset not categorized as fair value through profit or loss ("FVTPL"), transaction costs are capitalized as a component of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of operations.

Subsequent classification and measurement of financial assets depends on the Company's business objective for managing the asset and the cash flow characteristics of the asset:

(a) Amortized cost

Financial assets held for collection of contractual cash flows that meet the SPPI test are measured at amortized cost. Interest income is recognized as other income (expense) in the consolidated financial statements, and gains (losses) are recognized in the consolidated statements of operations when the asset is derecognized or impaired.

(b) Fair value through other comprehensive income ("FVTOCI")

Financial assets held to achieve a particular business objective other than short-term trading are designated at FVTOCI. IFRS 9 also provides the ability to make an irrevocable election at initial recognition of a financial asset, on an instrument-by-instrument basis, to designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor contingent consideration arising from a business combination to be classified as FVTOCI. There is no recycling of gains or losses through the consolidated statements of operations. Upon derecognition of the asset, accumulated gains or losses are transferred from Other Comprehensive Income ("OCI") directly to accumulated deficit.

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

For the Years Ended November 30, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (continued)

(i) Financial assets (continued)

(c) Fair value through profit or loss (“FVTPL”)

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured as FVTPL.

(ii) Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The subsequent measurement of financial liabilities is determined based on their classification as follows:

(a) Fair value through profit or loss (“FVTPL”)

Derivative financial instruments entered into by the Company that do not meet hedge accounting criteria are classified as FVTPL. Gains or losses on these types of financial liabilities are recognized in the consolidated statement of operations.

(b) Amortized cost

All other financial liabilities are classified as amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial instrument, or where appropriate, a shorter period. Gains and losses are recognized in the consolidated statement of operations when the liabilities are derecognized as well as through the amortization process.

(iii) Impairment

Under IFRS 9, the Company is required to apply an expected credit loss (“ECL”) model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the statement of financial position date. For trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions. The Company has assessed the impairment of its amounts receivable using the expected credit loss model and no material difference was noted. The following table summarizes the measurement categories under IFRS 9 for each class of the Company’s financial assets and liabilities:

	Measurement category under IFRS 9
Financial assets	
Cash and cash equivalents	Amortized cost
Amounts receivable (except GST receivable)	Amortized cost
Marketable securities	FVTPL
Investments	FVTPL
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Lease liabilities	Amortized cost

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

For the Years Ended November 30, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Share capital

(i) Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(ii) Equity units

Proceeds received on the issuance of units comprised of common shares and warrants are allocated on the residual value method where proceeds are allocated to the common shares up to their fair value as determined by the current quoted trading price on the issue date, and the balance, if any, to the reserve for the warrants.

Proceeds received on the issuance of units comprised of common shares and warrants are allocated on the residual value method where proceeds are allocated to the common shares up to their fair value as determined by the current quoted trading price on the issuance date, and the balance, if any, to the reserve for the warrants.

(iii) Non-monetary consideration

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair value of the shares is used to record the transaction. The fair value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the Board of Directors.

k) Share-based compensation

Stock options

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (a direct employee) or provides services similar to those performed by a direct employee (a consultant). The fair value is measured at grant date and recognized over the period during which the options vest.

The fair value of the options granted to employees is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of share options granted to non-employees is recognized as an expense in the consolidated statement of operations unless they are related to the issuance of shares and is recorded at the fair value of the services received. Direct costs related to the issuance of common shares is recorded as a reduction of share capital.

When the value of services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioral considerations. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for

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

For the Years Ended November 30, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Share-based compensation (continued)

Stock options (continued)

services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

All share-based compensation is reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Restricted share units

The Company recognizes compensation expense for RSUs awarded based on the grant-date fair value of the common shares. The grant-date fair value, which is determined by multiplying the Company's share price by the number of RSUs granted, is amortized over the vesting period and is included in compensation expense with a corresponding increase in reserves. If RSUs are for services that have been provided and are non-cancellable, the Company recognizes the full cost of the RSUs on the date of grant. The amount recognized is adjusted to reflect the number of RSUs expected to eventually vest.

l) Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Diluted loss per share equates to basic loss per share, as the effects of potentially dilutive common shares would be anti-dilutive. At November 30, 2021, the Company has 19,807,240 (2020 – 17,203,898) potentially dilutive shares outstanding.

m) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

n) Revenue recognition

The Company's accounting policy for revenue recognition under IFRS 15, Revenue from Contracts with Customers, follows a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer;
2. Identifying the performance obligations within the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

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

For the Years Ended November 30, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Revenue recognition (continued)

The Company recognizes revenue in the following areas:

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

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

The Company derives licensing revenue on fees charged to franchisees and licensees of its platform. Specific transaction prices and performance obligations are determined for each of the agreements that the Company has with franchisees and licensees. Revenue is recognized as performance obligations are fulfilled by the Company.

o) Income taxes

Income tax is recognized in the consolidated statement of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end, adjusted for amendments to the tax payable with regards to previous years.

Deferred tax is provided using the liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable income; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

For the Years Ended November 30, 2021 and 2020

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Contingencies

The Company recognizes loss contingency provisions for probable losses when management is able to reasonably estimate the loss. When the estimated loss lies within a range, the Company records a loss contingency provision based on its best estimate of the probable loss. If no particular amount within that range is a better estimate than any other amount, the mid-point of the range is used. As information becomes known, a loss contingency provision is recorded when a reasonable estimate can be made. The estimates are reviewed at each reporting date and the estimates are changed when expectations are revised. An outcome that deviates from the Company's estimate may result in an additional expense or release in a future reporting period.

q) Government grants

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

5. ADOPTION OF NEW STANDARDS

a) Recent Accounting Pronouncements

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

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

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

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

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

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

Other new standards and amendments to standards and interpretations are not effective for the year ended November 30, 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.

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

For the Years Ended November 30, 2021 and 2020

6. MARKETABLE SECURITIES AND INVESTMENTS

	November 30 2019 Fair Value	Additions and transfers	Proceeds from sale	Realized gain (loss) on sale	Unrealized gain (loss)	November 30 2020 Fair Value
Current						
Better Plant Sciences Inc. (shares)	688,500	-	(428,488)	428,488	(508,500)	180,000
Better Plant Sciences Inc. (warrants)	873,198	-	-	-	(766,288)	106,910
Loop Insights Inc. (shares)	148,832	-	(201,217)	5,386	46,998	-
	1,710,530	-	(629,705)	433,874	(1,227,790)	286,910
Non-current						
Better Plant Sciences Inc. (shares)	882,785	-	-	-	(792,785)	90,000
Euro Asia Pay (shares)	102,000	-	-	-	-	102,000
	984,785	-	-	-	(792,785)	192,000
Total	2,695,315	-	(629,705)	433,874	(2,020,575)	478,910

	November 30 2020 Fair Value	Additions and transfers	Proceeds from sale	Realized gain (loss) on sale	Unrealized gain (loss)	November 30 2021 Fair Value
Current						
Better Plant Sciences Inc. (shares)	180,000	90,000	(231,109)	231,109	(225,000)	45,000
Better Plant Sciences Inc. (warrants)	106,910	-	-	-	(75,715)	31,195
Euro Asia Pay (shares)	-	43,958	(37,935)	26,945	878,665	911,633
	286,910	133,958	(269,044)	258,054	577,950	987,828
Non-current						
Better Plant Sciences Inc. (shares)	90,000	(90,000)	-	-	-	-
Euro Asia Pay (shares)	-	58,042	-	-	593,952	651,994
	90,000	(31,958)	-	-	593,952	651,994
Total	376,910	102,000	(269,044)	258,054	1,171,902	1,639,822

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

During the year ended November 30, 2021, the Company sold 2,700,000 (2020 – 2,700,000) shares of BPS for proceeds of \$231,109 (2020 - \$428,488) resulting in a realized gain of \$231,109 (2020 - \$428,488).

At November 30, 2021, the fair value of the 5,460,000 (2020 – 5,460,000) BPS warrants was \$31,195 (2020 - \$106,910) calculated using the Black-Scholes option pricing model assuming no expected dividends, an expected life remaining of 1.9 (2020 – 2.9) years, volatility of 131% (2020 – 109%), and a risk-free rate of 1.00% (2020 – 0.31%). For the year ended November 30, 2021, the Company recognized an unrealized loss of \$75,715 (2020 - \$766,289) on the BPS warrants.

At November 30, 2021, the Company held 1,350,000 BPS common shares in escrow with a fair value of \$45,000. They were subsequently released on December 15, 2021.

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

For the Years Ended November 30, 2021 and 2020

6. MARKETABLE SECURITIES AND INVESTMENTS (continued)

Euro Asia Pay Holdings Inc. ("EAP")

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 November 30, 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 year ended November 30, 2021, the Company recorded a discount of \$353,864 on the carrying value of EAP common shares relating to shares held in escrow.

For the period ended November 30, 2021, the Company sold 157,000 (2020 – Nil) shares of EAP for proceeds of \$37,935 (2020 - \$Nil) resulting in a realized gain of \$26,945 (2020 - \$Nil).

7. PROPERTY AND EQUIPMENT

	November 30 2019	Additions	November 30 2020	Additions	November 30 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
Accumulated depreciation					
Computer equipment	\$ 149,017	\$ 23,239	\$ 172,256	\$ 1,901	\$ 174,157
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	94,187	141,280
	\$ 383,249	\$ 76,397	\$ 459,646	\$ 97,052	\$ 556,698
Carrying Amounts	\$ 31,606		\$ 229,919		\$ 135,221

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

For the Years Ended November 30, 2021 and 2020

8. 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”).

On July 27, 2021, the Company terminated its agreement with Converge and the investment was impaired.

9. 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 year ended November 30, 2021, the Company issued an aggregate of 1,826,126 (2020 - 1,902,867) common shares with a fair value of \$162,693 (2020 - \$123,035) for services. The fair value of common shares issued was based on the end of day trading price of the Company’s common share on the date of issuance.

(ii) Shares issued for equity financing

During the year ended November 30, 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 less commissions of \$47,123 for net proceeds of \$1,523,657.

During the year ended November 30, 2021, the Company issued 10,928,000 common shares through its at-the-market offering filed February 17, 2021 at an average price of \$0.10 for gross proceeds of \$1,041,938 less commissions of \$31,258 for net proceeds of \$1,010,680.

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

For the Years Ended November 30, 2021 and 2020

9. SHARE CAPITAL (continued)

a) Common shares (continued)

(ii) Shares issued for equity financing (continued)

In conjunction with at-the-marketing offerings, the Company incurred share issuance fees of \$47,127.

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

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, 2019	7,497	\$ 0.33
Expired	(7,497)	0.33
Issued	3,836,845	\$ 0.08
Balance, November 30, 2020	3,836,845	\$ 0.08
Exercised	(687,173)	\$ 0.08
Balance, November 30, 2021	3,149,672	\$ 0.08

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price
January 31, 2022	0.17	3,149,672	\$ 0.08

c) Restricted share units

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

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

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

For the Years Ended November 30, 2021 and 2020

9. SHARE CAPITAL (continued)

d) Restricted share units (continued)

	Number of RSU	Weighted Average Issue Price
Balance, November 30, 2019	-	\$ -
Granted	6,476,053	\$ 0.08
Vested, issued and released	(365,000)	\$ 0.10
Forfeited	(195,000)	\$ 0.10
Balance, November 30, 2020	5,916,053	\$ 0.08
Granted	4,654,390	\$ 0.10
Vested, issued and released	(696,625)	\$ 0.10
Forfeited	(1,118,750)	\$ 0.09
Balance, November 30, 2021	8,755,068	\$ 0.09

Expiration Dates	Outstanding RSUs	Weighted Average Issue Price
January 1, 2022 - April 1, 2024	623,532	\$ 0.15
January 1, 2022 - August 3, 2024	5,842,433	\$ 0.09
December 1, 2021 - November 1, 2024	2,289,103	\$ 0.06
	8,755,068	\$ 0.09

For the year ended November 30, 2021, the Company recognized share-based compensation expenses of \$385,429 (2020 – \$420,610) related to RSUs granted and vested of which \$338,655 (2020 - \$363,323) were granted to officers and directors of the Company.

10. STOCK OPTIONS

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

For the year ended November 30, 2021, the Company recognized share-based compensation expenses of \$56,916 (2020 - \$143,080) related to stock options granted of which \$7,297 (2020 - \$84,956) was related to options granted to officers and directors of the Company.

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

For the Years Ended November 30, 2021 and 2020

10. STOCK OPTIONS (continued)

The following summarizes the stock options outstanding.

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2019	8,528,500	\$ 0.23
Granted	550,000	\$ 0.11
Forfeited	(463,750)	\$ 0.16
Expired	(1,056,250)	\$ 0.37
Exercised ¹	(107,500)	\$ 0.15
Balance, November 30, 2020	7,451,000	\$ 0.21
Granted	1,420,000	\$ 0.07
Forfeited	(212,500)	\$ 0.06
Expired	(696,000)	\$ 0.13
Exercised ¹	(60,000)	\$ 0.15
Outstanding, November 30, 2021	7,902,500	\$ 0.19
Exercisable, November 30, 2021	6,387,500	\$ 0.23

1. The share price at the date options were exercised was \$0.155 on February 4, 2021, \$0.38 on February 25, 2020 and \$0.11 on March 16, 2020.

Exercise Price	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
\$ 0.05	2.74	750,000	375,000
\$ 0.09	3.10	70,000	17,500
\$ 0.10	2.37	970,000	857,500
\$ 0.11	2.55	450,000	425,000
\$ 0.13	2.34	50,000	25,000
\$ 0.14	2.44	200,000	25,000
\$ 0.15	2.43	1,245,000	495,000
\$ 0.16	2.40	3,767,500	3,767,500
\$ 0.18	3.26	50,000	50,000
\$ 1.46	1.15	350,000	350,000
\$ 0.19	2.40	7,902,500	6,387,500

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:

	November 30 2021	November 30 2020
Risk-free interest rate	0.36%	0.6%
Expected volatility	160.1%	146.5 %
Expected option life (in years)	3.50	4.7
Expected forfeiture rate	5%	5%

The weighted average fair value of stock options granted during the year ended November 30, 2021 was \$0.05 (2020 - \$0.05).

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

For the Years Ended November 30, 2021 and 2020

11. GENERAL AND ADMINISTRATION EXPENSES

	Year Ended	
	November 30	November 30
	2021	2020
Bank charges and interest	\$ 20,862	\$ 12,242
Consulting fees	700	72,000
Directors' fees (note 19)	140,000	64,167
Insurance	13,811	10,523
Investor relations	46,510	23,612
Legal, accounting and auditing	183,714	252,037
Office	52,131	42,407
Rent	68,995	71,168
Transfer agent and filing fees	102,168	107,539
Travel	231	48
Wages and benefits (note 17)	540,521	525,714
	\$ 1,169,643	\$ 1,181,457

12. RESEARCH AND DEVELOPMENT EXPENSES

	Year Ended	
	November 30	November 30
	2021	2020
Consulting	\$ 382,602	\$ 200,400
Information technology	80,798	140,414
Wages and benefits (note 17)	457,527	385,101
	\$ 920,927	\$ 725,915

13. SALES AND MARKETING EXPENSES

	Year Ended	
	November 30	November 30
	2021	2020
Consulting fees	156,241	209,957
Promotions and events	13,915	32,914
Sales and marketing	205,379	140,637
Travel	86	2,171
Wages and benefits (note 17)	201,874	291,154
	\$ 577,495	\$ 676,833

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

For the Years Ended November 30, 2021 and 2020

14. 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.

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended	
	November 30 2021	November 30 2020
Non-cash investing and financing activities		
Transfer of reserves upon vesting of RSUs	\$ 71,300	\$ 36,500
Transfer of reserves upon exercise of stock options	5,766	7,033
Supplementary disclosures		
Income taxes paid	\$ -	\$ -
Interest paid on lease liabilities	\$ (32,820)	\$ (20,395)
Interest received	\$ 4,876	\$ 8,775
	2021	2020
	\$	\$
Cash and cash equivalents is comprised of:		
Cash in bank	1,287,468	726,687
Cash held in cashable guaranteed investment certificates	-	57,500
	1,287,468	784,117

16. REVENUE

The breakdown of revenue for the years ended November 30, 2021 and 2020, is as follows:

	Year Ended	
	November 30 2021	November 30 2020
Licensing revenue	\$ 7,500	\$ -
Transaction revenue	6,045	11,481
Product revenue	15,402	52,416
	\$ 28,947	\$ 63,896

17. 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 year ending November 30, 2021, the Company received \$210,677 (2020 - \$320,733) 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.

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

For the Years Ended November 30, 2021 and 2020

17. GOVERNMENT GRANTS (continued)

On October 9, 2020, the Government of Canada announced the creation of the new Canada Emergency Rent Subsidy (“CERS”) program to replace the Canada Emergency Commercial Rent Assistance (“CECRA”) for small businesses program, which ended on September 30, 2020. In contrast to the CECRA, which required commercial property owners to apply instead of their small business tenants, the CERS provides support directly to qualifying tenants and property owners. For the year ended November 30, 2021, the Company received \$52,743 (2020 - \$Nil) 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 year ended November 30, 2021, the Company received \$38,653 from the Digital Skills for Youth (DS4Y) funded by the Government of Canada which provides up to \$25,500 per employee so youth (aged 15-30) can successfully transition to the workforce.

For the year ended November 30, 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 to \$7,500 per student to eligible Canadian companies in emerging ICT sectors to hire students.

For the year ended November 30, 2021, the Company received \$5,544 under the BC Increased Employment Incentive which provides a one-time refundable tax credit for employees.

For the year ended November 30, 2020, the Company received \$18,501 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).

18. INCOME TAXES

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

	November 30 2021	November 30 2020
Loss before income taxes	\$ (1,487,312)	\$ (4,490,939)
Statutory Canadian corporate tax rate	27%	27%
Income tax recovery at statutory rate	(401,574)	(1,212,554)
Permanent differences and other	41,438	23,557
True up of prior year differences	251,279	(70,249)
Changes in substantive tax rate of foreign jurisdiction	371	594
Change in unrecognized deferred income tax assets	108,486	1,258,652
	\$ -	\$ -

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

For the Years Ended November 30, 2021 and 2020

18. INCOME TAXES (continued)

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

	November 30 2021	November 30 2020
Deferred income tax assets		
Non-capital losses carried forward	9,034,623	8,483,282
Property and equipment	363,586	517,085
Investments	384,391	549,717
Share issuance costs	130,730	254,760
	9,913,330	9,804,844
Tax benefits not recognized	(9,913,330)	(9,804,844)
	\$ -	\$ -

At November 30, 2021, the Company has non-capital tax losses of approximately \$33,539,500 available for carry-forward to reduce future years' income taxes, expiring as follows:

Expiry Date	Amounts
2034	\$ 52,600
2035	275,500
2036	1,749,700
2037	6,109,800
2038	12,678,100
2039	7,771,400
2040	1,939,200
2041	2,963,200
	\$ 33,539,500

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:

	November 30 2021	November 30 2020
Directors' fees	\$ 140,000	\$ 64,167
Remuneration and fees	649,508	535,415
Share-based compensation	345,952	460,161
	\$ 1,141,174	\$ 1,059,742

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

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

For the Years Ended November 30, 2021 and 2020

19. RELATED PARTY TRANSACTIONS (continued)

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

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

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

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

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 17.5%, which is the Company's estimated cost of external financing.

The following is a continuity schedule of lease liabilities for the year ended November 30, 2021.

	\$
Balance, November 30, 2019	-
Lease additions	274,710
Lease payments	(37,939)
Interest expenses on lease liabilities	20,395
Adjustments for COVID-19 concessions	(23,845)
Balance, November 30, 2020	233,321
Lease payments	(109,475)
Interest expenses on lease liabilities	32,820
Balance, November 30, 2021	156,666
Current portion	99,702
Non-current portion	56,964

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial assets and liabilities

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.

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

For the Years Ended November 30, 2021 and 2020

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Fair value of financial assets and liabilities (continued)

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

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

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

	Fair value measurements using			Total \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Marketable securities	1,608,627	31,195	-	1,639,822

The fair values of other financial instruments, including cash and cash equivalents, 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.

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

For the Years Ended November 30, 2021 and 2020

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 November 30, 2021, financial instruments were converted at a rate of \$1.2792 per US dollar (2020 - \$1.2965 per US dollar). A 10% change in foreign exchange rates is not expected to have a material impact on the Company's consolidated financial statements.

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

(iii) Credit risk

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

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

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, or the proposed transaction. As at November 30, 2021, the Company had \$302,110 of accounts payable and accrued liabilities which are expected to be settled within one year. The Company manages liquidity risk by maintaining adequate cash balances when possible.

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash and cash equivalents at November 30, 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.

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

For the Years Ended November 30, 2021 and 2020

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 November 30, 2021, the Company issued 1,028,000 common shares through its at-the-market program at an average price of \$0.05 per share for gross proceeds of \$51,400 less commissions paid of \$1,542 for net proceeds of \$49,858.

Subsequent to November 30, 2021, the Company granted 1,290,000 RSUs to employees, directors and officers with vesting dates between April 1, 2022 and February 1, 2025, including 711,382 RSUs to directors, 216,354 RSUs to the Chief Executive Officer of the Company and 162,264 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.

Subsequent to November 30, 2021, the Company issued 125,250 common shares for the vesting of RSUs, which included 40,000 common shares issued to the Chief Executive Officer of the Company.

Subsequent to November 30, 2021, the Company issued 650,542 common shares to settle amounts payable, including the issuance of 508,320 common shares with a fair value of \$24,833 to the Chief Technology Officer of the Company.

Subsequent to November 30, 2021, the Company issued 1,300,000 options to employees with an exercise price of \$0.05 per common share with vesting dates between April 2022 and February 2025 with expiration dates ranging from December 2026 to January 2027

On January 5, 2020, the Company announced that Justin Strange would be joining as VP Franchising and Operations. Mr. Strange is President of Century Restaurant Group Corporation which is a reseller partner of the Company as announced by press release on June 8, 2021. Century Restaurant Group Corporation also received 100,000 options at an exercise price of \$0.05 per share with an expiration of January 2025 that vest quarterly over three years.