PERK LABS INC.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended February 28, 2022 and 2021

(Unaudited)

(Expressed in Canadian Dollars)

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PERK LABS INC.

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

As at	(Unaudited) February 28 2022	November 30 2021
ASSETS		
Current		
Cash and cash equivalents	$ **788,179**	$ 1,287,468
Amounts receivable	**29,770**	29,579
Marketable securities (note 5)	**1,304,217**	987,828
Inventory	**13,075**	9,074
Prepaid expenses and deposits	**113,046**	83,360
Current portion of note receivable	**1,279**	–
	2,249,566	2,397,309
Property and equipment (note 6)	**111,396**	135,221
Marketable securities (note 5)	**487,064**	651,994
Note receivable	**4,371**	–
Intangible assets	**234**	–
Total assets	**2,852,631**	3,184,524
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 16)	$ **251,128**	$ 302,110
Current portion of lease liabilities (note 17)	**104,450**	99,702
	355,578	401,812
Lease liabilities (note 17)	**29,046**	56,964
Total liabilities	**384,624**	458,776
SHAREHOLDERS' EQUITY		
Share capital (note 7)	**36,447,467**	36,359,451
Reserves (notes 7 and 8)	**5,943,939**	5,883,976
Deficit	**(39,923,399)**	(39,517,679)
Total shareholders' equity	**2,468,007**	2,725,748
Total liabilities and shareholders' equity	$ **2,852,631**	$ 3,184,524

Going concern (note 2)
Commitments (note 17)
Subsequent events (note 19)

Authorized for issuance by the Board of Directors on April 28, 2022.

/s/ James Topham Director

/s/ Kirk Herrington Director

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

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

	Note(s)	**Three Months Ended February 28 2022**	Three Months Ended February 28 2021
Revenue	14	**$ 8,982**	$ 15,373
Cost of sales		**3,030**	18,558
Gross margin (loss)		**5,952**	(3,185)
Operating expenses			
Depreciation	6	**23,825**	16,922
General and administration	9	**277,387**	272,551
Research and development	10	**202,954**	168,644
Sales and marketing	11	**105,787**	162,381
Share-based compensation	7,8,16	**66,888**	288,381
Total operating expenses		**676,841**	908,879
Loss before other income (expenses)		**(670,889)**	(912,064)
Other income (expenses)			
Foreign exchange (loss)		**(2,875)**	(4,220)
Gain on sale of property and equipment		**2,400**	–
Gain on sale of marketable securities	5	**79,350**	118,005
Government subsidies and grants	15	**15,275**	63,902
Interest expense	17	**(5,978)**	(9,248)
Interest income		**722**	235
Unrealized gain (loss) on marketable securities	5	**176,275**	2,333,180
Total other income (expenses)		**265,169**	**2,501,854**
Net income (loss) and comprehensive income (loss) for the period		**$ (405,720)**	**$ 1,589,790**
Net income (loss) per share			
Basic		**$ (0.00)**	$ 0.01
Diluted		**$ (0.00)**	$ 0.01
Weighted average number of shares outstanding (basic)		**183,480,976**	161,772,594
Weighted average number of shares outstanding (diluted)		**192,946,373**	170,680,141

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

PERK LABS INC.

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

	Number of Shares		Share Capital		Reserves		Deficit		Total Equity
Balance, November 30, 2021	182,313,919	$	36,359,451	$	5,883,976	$	(39,517,679)	$	2,725,748
Shares issued for cash	1,028,000		51,400		–		–		51,400
Share issuance costs	–		(1,542)		–		–		(1,542)
Shared issued for services	650,542		31,233		–		–		31,233
Shares issued under RSU plan	61,250		6,925		(6,925)		–		–
Share-based compensation	–		–		66,888		–		66,888
Net loss for the period	–		–		–		(405,720)		(405,720)
Balance, February 28, 2022	**184,053,711**	**$**	**36,447,467**	**$**	**5,943,939**	**$**	**(39,923,399)**	**$**	**2,468,007**

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

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

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

	Three Months Ended February 28 2022	February 28 2021
Cash provided by (used in)		
Operating activities		
Net loss	**$ (405,720)**	$ 1,589,790
Items not affecting cash		
Depreciation	**23,825**	16,922
Gain on sale of marketable securities	**(79,350)**	(118,005)
Gain on sale of property and equipment	**(2,400)**	–
Issuance of note receivable	**(5,650)**	–
Interest expense on lease liability	**5,978**	9,248
Shares issued for services	**31,233**	56,253
Share-based compensation	**66,888**	288,381
Unrealized gain on marketable securities	**(176,275)**	(2,333,180)
	(541,471)	(490,591)
Net change in non-cash working capital	**(84,860)**	(134,748)
	(626,331)	(625,339)
Investing activities		
Acquisition of intangible assets	**(234)**	–
Proceeds from sale of property and equipment	**2,400**	–
Proceeds from the sale of marketable securities	**104,166**	118,005
	106,332	118,005
Financing activities		
Proceeds from share issuances	**51,400**	1,897,921
Share issuance costs	**(1,542)**	(65,530)
Repayment of lease liabilities	**(29,148)**	(22,725)
	20,710	**1,809,667**
Net increase (decrease) in cash and cash equivalents	**(499,289)**	1,302,333
Cash and cash equivalents, beginning of the period	**1,287,468**	784,117
Cash and cash equivalents, end of the period	**$ 788,179**	$ 2,086,450

Supplemental cash flow information (note 13)

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

1. NATURE OF OPERATIONS

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

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

These condensed consolidated interim financial statements include the accounts of Perk Labs Inc. and its three wholly owned subsidiaries: Perk Hero Software Inc.; Perk Hero USA Inc (formerly Glance Pay USA Inc.); and 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 condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. During the period ended February 28, 2022, the Company incurred a net loss from operations of $670,889 (February 28, 2021 – $912,064) and used cash of $626,331 (February 28, 2021 - $625,339) for operating activities. As of that date, the Company had an accumulated deficit of $39,923,399 (November 30, 2021 - $39,517,679).

The Company is continuing to enhance its mobile and online payment applications. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to February 28, 2022 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 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 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, 2021, and should be read in conjunction with those consolidated financial statements.

b) Basis of measurement

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

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) 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.

e) 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 statement of operations in the period in which it becomes receivable.

4. ADOPTION OF NEW STANDARDS

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 February 28, 2022 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.

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

		February 28 2022		November 30 2021
		Fair Value		
Current				
Better Plant Sciences Inc. (shares)	**$**	**11,038**	$	45,000
Better Plant Sciences Inc. (warrants)		**13,123**		31,195
Euro Asia pay (shares)		**1,280,056**		911,633
	$	**1,304,217**	$	987,828
Non-current				
Euro Asia Pay (shares)		**487,064**		651,994
	$	**487,064**	$	651,994
	$	**1,791,281**	$	1,639,822

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

During the three months ended February 28, 2022, the Company sold 200,200 (February 28, 2021 – 920,000) shares of BPS for proceeds of $15,355 (February 28, 2021 - $118,005) resulting in a realized gain of $15,355 (February 28, 2021 - $118,005). On January 19, 2022, BPS announced a stock consolidation on the basis of one (1) post-consolidated common share for every ten (10) pre-consolidated common shares.

At February 28, 2022, the fair value of the 546,000 (November 30, 2021 – 546,000) BPS warrants was $13,123 (November 30, 2021 - $31,195) calculated using the Black-Scholes option pricing model assuming no expected dividends, an expected life remaining of 1.7 (November 30, 2021 – 1.9) years, volatility of 147% (November 30, 2021 – 131%), and a risk-free rate of 1.39% (November 30, 2021 – 1.00%). For the three months ended February 28, 2022, the Company recognized an unrealized loss of $18,072 (February 28, 2021 – gain of $207,191) on the BPS warrants.

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 received 8,500,000 shares of EAP 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 3,400,000 shares have been released as of February 28, 2022.

The remaining 5,100,000 shares in escrow will be released in 1,275,000 share tranches every six months with the next release date in August 2022. For the three months ended February 28, 2022, the Company recorded a discount of $309,888 (November 30, 2021 - $353,864) on the carrying value of EAP common shares relating to shares held in escrow.

For the three months ended February 28, 2022, the Company sold 354,500 (February 28, 2021 – Nil) shares of EAP for proceeds of $88,810 (February 28, 2021 - $Nil) resulting in a realized gain of $63,995 (February 28, 2021 - $Nil).

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	November 30 2020	Additions	November 30 2021	Additions	February 28 2022
Cost					
Computer equipment	$ 173,594	$ 2,354	**$ 175,948**	$ -	**$ 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**
	$ 689,565	$ 2,354	**$ 691,919**	$ -	**$ 691,919**

	November 30 2020	Depreciation	November 30 2021	Depreciation	February 28 2022
Accumulated depreciation					
Computer equipment	$ 172,256	$ 1,901	**$ 174,157**	$ 278	**$ 174,436**
Furniture and fixtures	19,823	964	**20,787**	-	**20,787**
Leasehold improvements	220,474	–	**220,474**	-	**220,474**
Right of use lease asset	47,093	94,187	**141,280**	23,546	**164,826**
	$ 459,646	$ 97,052	**$ 556,698**	$ 23,825	**$ 580,523**
Carrying Amounts	$ 229,919		**$ 135,221**		**$ 111,396**

7. 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 three months ended February 28, 2022, the Company issued an aggregate of 650,542 (February 28, 2021 – 685,036) common shares with a fair value of $31,233 (February 28, 2021 - $56,253) for services. The fair value of common shares issued was based on the end of day trading price of the Company's common shares on the date of issuance.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

a) Common shares (continued)

(ii) Shares issued for equity financing

For the quarter ended February 28, 2022, the Company issued 1,028,000 common shares through its at-the-market offering announced February 17, 2021, at an average price of $0.05 for gross proceeds of $51,400 less commissions of $1,542 for net proceeds of $49,858.

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

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

b) Warrants

	Number of warrants		Weighted Average Exercise Price
Balance, November 30, 2021	3,149,672	$	0.08
Expired	(3,149,672)	$	0.08
Balance, February 28, 2022	**-**	**$**	**-**

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.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

c) Restricted share units (continued)

	Number of RSU		Weighted Average Issue Price
Balance, November 30, 2021	8,755,068	**$**	**0.09**
Granted	1,290,000	$	0.08
Vested, issued and released	(115,250)	$	0.07
Forfeited	(77,500)	$	0.09
Balance, February 28, 2022	**9,852,318**	**$**	**0.08**

Expiration Dates	Outstanding RSUs		Weighted Average Issue Price
March 1, 2024 - March 1, 2024	548,532	$	0.13
April 1, 2022 - July 2, 2024	5,857,525	$	0.09
April 1, 2022 - February 1, 2025	3,446,261	$	0.05
	9,852,318	**$**	**0.08**

For the three months ended February 28, 2022, the Company recognized share-based compensation expenses of $67,021 (February 28, 2021 – $216,009) related to RSUs granted and vested of which $56,204 (February 28, 2021 - $185,872) were granted to officers and directors of the Company.

8. 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 quarter ended February 28, 2022, the Company recognized share-based compensation recovery of $134 (February 28, 2021 – expenses of $72,372) related to stock options granted of which a recovery of $1,307 (February 28, 2021 – expenses of $8,057) was related to options granted to officers and directors of the Company.

(Expressed in Canadian Dollars)

8. STOCK OPTIONS (continued)

The following summarizes the stock options outstanding.

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2021	7,902,500	$ 0.19
Granted	1,400,000	$ 0.07
Forfeited	(72,500)	$ 0.06
Outstanding, February 28, 2022	**9,230,000**	**$ 0.19**
Exercisable, February 28, 2022	**6,455,000**	**$ 0.21**

Exercise Price	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
$ 0.05	2.50	2,150,000	400,000
$ 0.09	2.85	35,000	35,000
$ 0.10	2.13	957,500	857,500
$ 0.11	2.31	437,500	437,500
$ 0.13	2.09	37,500	37,500
$ 0.14	2.19	200,000	25,000
$ 0.15	2.18	1,245,000	495,000
$ 0.16	2.15	3,767,500	3,767,500
$ 0.18	3.01	50,000	50,000
$ 1.46	0.90	350,000	350,000
$ 0.19	**1.84**	**9,230,000**	**6,455,000**

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:

	February 28 2022	February 28 2021
Risk-free interest rate	**1.45%**	0.29%
Expected volatility	**155.3%**	165.1%
Expected option life (in years)	**5.0**	2.8
Expected forfeiture rate	**5%**	5%

The weighted average fair value of stock options granted during the year ended February 28, 2022 was $0.04 (February 28, 2021 - $0.06).

(Expressed in Canadian Dollars)

9. GENERAL AND ADMINISTRATION EXPENSES

		Three Months Ended February 28 2022		February 28 2021
Bank charges and interest	**$**	**17,785**	$	1,615
Consulting fees		**1,425**		–
Directors' fees (note 19)		**18,333**		35,000
Insurance		**3,551**		3,011
Investor relations		**457**		17,336
Legal, accounting and auditing		**35,347**		36,110
Office		**9,261**		17,323
Rent		**18,322**		16,954
Transfer agent and filing fees		**36,410**		23,279
Travel		**245**		–
Wages and benefits (note 17)		**136,251**		121,923
	$	**277,387**	$	272,551

10. RESEARCH AND DEVELOPMENT EXPENSES

		Three Months Ended February 28 2022		February 28 2021
Consulting	**$**	**73,840**	$	55,800
Information technology		**21,823**		13,806
Wages and benefits (note 17)		**107,291**		99,038
	$	**202,954**	$	168,644

11. SALES AND MARKETING EXPENSES

		Three Months Ended February 28 2022		February 28 2021
Consulting fees		**28,450**		69,270
Promotions and events		**3,874**		3,658
Sales and marketing		**36,144**		17,918
Travel		**20**		–
Wages and benefits (note 17)		**37,299**		71,535
	$	**105,787**	$	162,381

(Expressed in Canadian Dollars)

12. 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.

13. SUPPLEMENTAL CASH FLOW INFORMATION

		Three Months Ended February 28 2022		February 28 2021
Non-cash investing and financing activities				
Transfer of reserves upon vesting of RSUs	**$**	**6,925**	$	8,900
Transfer of reserves upon exercise of stock options		**-**		5,766
Supplementary disclosures				
Income taxes paid	**$**	**–**	$	–
Interest paid on lease liabilities	**$**	**(5,978)**	$	–
Interest received	**$**	**722**	$	5,737

	February 28 2022 $	February 28 2021 $
Cash and cash equivalents is comprised of:		
Cash in bank	**788,179**	2,028,950
Cash held in cashable guaranteed investment certificates	**-**	57,500
	788,179	2,086,450

14. REVENUE

The breakdown of revenue for the three months ended February 28, 2022 and 2021 is as follows:

		Three Months Ended February 28 2022		February 28 2021
Licensing revenue	**$**	**7,000**	$	–
Transaction revenue		**1,982**		877
Product revenue		**–**		14,496
	$	**8,982**	$	15,373

The VP of Franchising and Operations is the President of a reseller partner of the Company. For the quarter ended February 28, 2022, the Company recognized $4,500 in licensing revenue from this reseller partner.

(Expressed in Canadian Dollars)

15. GOVERNMENT GRANTS

For the quarter ended February 28, 2022, the Company received $10,000 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).

For the quarter ended February 28, 2022, the Company received $5,725 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.

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

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

For the quarter ended February 28, 2021, the Company received $5,000 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.

16. RELATED PARTY TRANSACTIONS

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

	February 28 2022	February 28 2021
Directors' fees	**$ 18,333**	$ 35,000
Remuneration and fees	**142,035**	181,123
Share based compensation	**54,897**	193,929
	$ 215,265	$ 410,052

At February 28, 2022, the Company owed $6,667 (November 30, 2021- $6,667) to a director of the Company which is included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS (continued)

At February 28, 2022, the Company owed $12,499 (November 30, 2021 - $Nil) to the Chief Technology Officer of the Company which is included in accounts payable and accrued liabilities.

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

17. 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 three months ended February 28, 2022.

	$
Balance, November 30, 2021	**156,666**
Lease payments	(29,148)
Interest expenses on lease liabilities	5,978
Balance at February 28, 2022	**133,496**
Current portion	104,450
Non-current portion	29,046

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) $	**Significant other observable inputs (Level 2) $**	**Significant unobservable inputs (Level 3) $**	**Balance, February 28, 2022 $**
Marketable securities	1,778,158	13,123	-	1,791,281

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

b) Market risk

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

(i) Interest rate risk

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

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

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

(ii) Foreign currency risk

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

The Company is exposed to foreign currency risk with respect to its US denominated bank

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk (continued)

(ii) Foreign currency risk (continued)

account. At February 28, 2022, financial instruments were converted at a rate of $1 US dollar to $1.2698 (November 30, 2021 – $1.2792) Canadian. A 10% change in foreign exchange rates is not expected to have a material impact on the condensed consolidated interim financial statements.

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

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. 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. The Company manages liquidity risk by maintaining adequate cash balances when possible.

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash and cash equivalents at February 28, 2022 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational and expansion needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof. On July 29, 2020, the Company announced an at-the-market equity program that allows the Company to issue and sell up to $2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion.

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

(v) Capital risk management

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

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk (continued)

(v) Capital risk management (continued)

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

(vi) Price risk

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

19. SUBSEQUENT EVENTS

a) On March 10, 2022, the Company announced a non-brokered private placement of up to 11,904,762 units at a price of $0.042 per Unit for gross proceeds of up to $500,000. Each unit consists of one common share of the Company and one warrant which entitles the holder to purchase one additional common share at a price of $0.05 per common share for a period of 24 months from closing subject to a statutory hold period of four months and one day.

The Company announced the closing of the First Tranche of the private placement on March 29, 2022 in which subscribers purchased 7,374,645 Units for aggregate gross proceeds of $309,736. Directors and officers of the Company subscribed for 476,190 of the Units for proceeds of $20,000.

The Company also announced April 14, 2022 that it closed the second tranche of the private placement in which subscribers purchased 297,493 Units for aggregate gross proceeds of $12,495.

b) Subsequent to February 28, 2021, the Company granted 1,890,369 RSUs to directors and officers with vesting dates between March 2, 2025 and April 1, 2025 including 153,570 to the Chief Executive Officer, 115,178 to the Chief Financial Officer and 1,621,621 to the Directors. The RSUs vest in three years.