



**PERK LABS INC.**

**Condensed Consolidated Interim Financial Statements**

**For the Three and Six Months Ended May 31, 2022 and 2021**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

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**PERK LABS INC.**

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**Condensed Consolidated Interim Financial Statements**

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**For the Three and Six Months Ended May 31, 2022 and 2021**

	<b>Page</b>
Condensed Consolidated Interim Statements of Financial Position	3
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	4
Condensed Consolidated Interim Statements of Changes in Equity	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7 – 22

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

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As at	(Unaudited) May 31 2022	November 30 2021
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 367,535	\$ 1,287,468
Amounts receivable	43,913	29,579
Marketable securities (note 5)	634,724	987,828
Inventory	10,428	9,074
Prepaid expenses and deposits	281,389	83,360
Current portion of note receivable	1,599	–
	<b>1,339,588</b>	<b>2,397,309</b>
Property and equipment (note 7)	87,564	135,221
Marketable securities (note 5)	250,764	651,994
Note receivable	4,120	–
Intangible assets	234	–
<b>Total assets</b>	<b>1,682,270</b>	<b>3,184,524</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 17)	\$ 240,701	\$ 302,110
Current portion of lease liabilities (note 18)	109,487	99,702
	<b>350,188</b>	<b>401,812</b>
Lease liabilities (note 18)	–	56,964
<b>Total liabilities</b>	<b>350,188</b>	<b>458,776</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	36,875,449	36,359,451
Reserves (notes 8 and 9)	5,901,882	5,883,976
Deficit	(41,445,249)	(39,517,679)
<b>Total shareholders' equity</b>	<b>1,332,082</b>	<b>2,725,748</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,682,270</b>	<b>\$ 3,184,524</b>

Going concern (note 2)

Commitments (note 18)

Subsequent events (note 20)

Authorized for issuance by the Board of Directors on July 27, 2022.

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*/s/ James Topham*

Director

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*/s/ Kirk Herrington*

Director

## PERK LABS INC.

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

	Note(s)	Three Months Ended		Six Months Ended	
		May 31 2022	May 31 2021	May 31 2022	May 31 2021
Revenue	15	\$ 6,021	\$ 1,085	15,003	\$ 16,458
Cost of sales		6,243	1,765	9,274	20,323
Gross margin (loss)		(222)	(680)	5,729	(3,865)
Operating Expenses					
Depreciation	7	23,831	24,265	47,657	41,187
General and administration	10	367,927	295,131	645,314	567,682
Research and development	11	202,761	203,758	405,715	372,402
Sales and marketing	12	118,936	184,176	224,723	346,557
Share-based compensation	8,9,17	(23,357)	62,500	43,531	350,881
<b>Total operating expenses</b>		<b>690,098</b>	<b>769,830</b>	<b>1,366,940</b>	<b>1,678,709</b>
<b>Loss before other income (expenses)</b>		<b>(690,320)</b>	<b>(770,510)</b>	<b>(1,361,211)</b>	<b>(1,682,574)</b>
Other income (expenses)					
Foreign exchange gain (loss)		(209)	(2,238)	(3,085)	(6,459)
Gain on sale of property and equipment		7,610	-	10,010	
Gain on sale of marketable securities	5	37,023	39,350	116,373	157,355
Government subsidies and grants	16	10,000	225,309	25,275	289,211
Interest expense	18	(5,139)	(8,730)	(11,117)	(17,978)
Interest income		507	2,007	1,229	2,242
Other Income		9	-	9	-
Unrealized gain (loss) on marketable securities	5	(881,328)	(833,644)	(705,053)	1,499,536
<b>Total other income (expenses)</b>		<b>(831,527)</b>	<b>(577,946)</b>	<b>(566,359)</b>	<b>1,923,907</b>
<b>Net income (loss) and comprehensive income (loss) for the period</b>		<b>\$ (1,521,847)</b>	<b>\$ (1,348,456)</b>	<b>(1,927,570)</b>	<b>\$ 241,333</b>
<b>Net income (loss) per share</b>					
Basic		\$ (0.01)	\$ (0.01)	(0.01)	\$ 0.00
Diluted		\$ (0.01)	\$ (0.01)	(0.01)	\$ 0.00
<b>Weighted average number of shares outstanding (basic)</b>		<b>187,181,834</b>	<b>174,137,635</b>	<b>186,899,411</b>	<b>168,042,971</b>
<b>Weighted average number of shares outstanding (diluted)</b>		<b>197,212,289</b>	<b>184,009,684</b>	<b>196,930,667</b>	<b>177,341,756</b>

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

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	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total Equity</b>
Balance, November 30, 2021	182,313,919	\$ 36,359,451	\$ 5,883,976	\$ (39,517,679)	2,725,748
Shares issued for cash	10,700,138	429,530	–	–	429,530
Share issuance costs	–	(14,656)	–	–	(14,656)
Shares issued for services	1,768,636	75,500	–	–	75,500
Shares issued under RSU plan	247,167	25,625	(25,625)	–	–
Share-based compensation	–	–	43,531	–	43,531
Net loss for the period	–	–	–	(1,927,570)	(1,927,570)
<b>Balance, May 31, 2022</b>	<b>195,029,860</b>	<b>\$ 36,875,450</b>	<b>\$ 5,901,882</b>	<b>\$ (41,445,249)</b>	<b>1,332,083</b>

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	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total Equity</b>
Balance, November 30, 2020	152,474,995	\$ 33,568,508	\$ 5,518,697	\$ (38,030,367)	1,056,838
Shares issued for cash	21,713,000	2,279,865	–	–	2,279,865
Share issuance costs	–	(106,650)	–	–	(106,650)
Shares issued for services	1,146,438	112,110	–	–	112,110
Stock options exercised	60,000	14,766	(5,766)	–	9,000
Warrants exercised	687,173	54,974	–	–	54,974
Shares issued under RSU plan	378,000	26,800	(26,800)	–	–
Share-based compensation	–	–	350,881	–	350,881
Net income for the period	–	–	–	241,333	241,333
<b>Balance, May 31, 2021</b>	<b>176,459,606</b>	<b>\$ 35,950,373</b>	<b>\$ 5,837,012</b>	<b>\$ (37,789,034)</b>	<b>3,998,351</b>

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

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	<b>Three Months Ended</b>	
	<b>May 31 2022</b>	<b>May 31 2021</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss	\$ (1,927,570)	\$ 241,333
Items not affecting cash		
Depreciation	47,657	41,187
Gain on sale of marketable securities	(116,373)	(157,355)
Gain on sale of property and equipment	(10,010)	–
Issuance of note receivable	(5,719)	–
Interest expense on lease liability	11,117	17,978
Shares issued for services	75,500	112,110
Share-based compensation	43,531	350,881
Unrealized gain on marketable securities	705,053	(1,499,536)
	<b>(1,176,814)</b>	<b>(893,402)</b>
Net change in non-cash working capital	<b>(275,126)</b>	<b>(278,644)</b>
	<b>(1,451,940)</b>	<b>(1,172,046)</b>
<b>Investing activities</b>		
Acquisition of intangible assets	(234)	–
Proceeds from sale of property and equipment	10,010	–
Proceeds from the sale of marketable securities	165,653	157,356
	<b>175,429</b>	<b>157,356</b>
<b>Financing activities</b>		
Proceeds from share issuances	429,530	2,343,839
Share issuance costs	(14,656)	(106,650)
Repayment of lease liabilities	(58,296)	(51,179)
	<b>356,578</b>	<b>2,186,011</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(919,933)</b>	<b>1,171,320</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,287,468</b>	<b>784,117</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 367,535</b>	<b>\$ 1,955,437</b>
<b>Supplemental cash flow information (note 13)</b>		
<b>Non-cash investing and financing activities</b>		
Issuance of note receivable	5,719	–

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# PERK LABS INC.

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

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For the Three and Six Months Ended May 31, 2022 and 2021

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### 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 where customers can earn 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 six month period ended May 31, 2022, the Company incurred a net loss from operations of \$1,927,570 (May 31, 2021 – \$241,333 net income) and used cash of \$1,451,940 (May 31, 2021 - \$1,172,046) for operating activities. As of that date, the Company had an accumulated deficit of \$41,445,249 (November 30, 2021 - \$39,517,679).

The Company is continuing to enhance its mobile and online ordering platform. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to May 31, 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.

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.

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**PERK LABS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**2. GOING CONCERN (continued)**

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 Omicron SARS-CoV-2 Omicron Variant BA.2 and Sublineages of BA.2; the effects of the COVID-19 pandemic on the Company's suppliers, vendors, and customers 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.

**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.



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**For the Three and Six Months Ended May 31, 2022 and 2021**

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

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**PERK LABS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**4. ADOPTION OF NEW STANDARDS** (continued)*Amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*

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

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

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

**5. MARKETABLE SECURITIES**

	<b>May 31 2022</b>	<b>November 30 2021</b>
	<b>Fair Value</b>	
<b>Current</b>		
Better Plant Sciences Inc. (shares)	\$ 11,038	\$ 45,000
Better Plant Sciences Inc. (warrants)	3,258	31,195
Euro Asia Pay (shares)	620,428	911,633
	\$ 634,724	\$ 987,828
<b>Non-current</b>		
Euro Asia Pay (shares)	250,764	651,994
	\$ 250,764	\$ 651,994
	\$ 885,488	\$ 1,639,822

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

During the six months ended May 31, 2022, the Company sold 200,200 (May 31, 2021 – 1,350,000) shares of BPS for proceeds of \$15,355 (May 31, 2021 - \$157,355) resulting in a realized gain of \$15,355 (May 31, 2021 - \$157,355). 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 May 31, 2022, the fair value of the 546,000 (November 30, 2021 – 546,000) BPS warrants was \$3,258 (November 30, 2021 - \$31,195) calculated using the Black-Scholes option pricing model assuming no expected dividends, an expected life remaining of 1.4 (November 30, 2021 – 1.9) years, volatility of 126% (November 30, 2021 – 131%), and a risk-free rate of 2.60% (November 30, 2021 – 1.00%). For the six months ended May 31, 2022, the Company recognized an unrealized loss of \$9,794 (May 31, 2021 – gain of \$207,191) on the BPS warrants.

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**PERK LABS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**5. MARKETABLE SECURITIES (continued)****Better Plant Sciences Inc. (formerly The Yield Growth Corp.) (“BPS”) (continued)**

BPS announced on February 14, 2022 a reverse merger transaction between BPS, Metaverse Networks Inc. and 1233392 B.C. Ltd. The trading of BPS common shares is currently halted until the transaction is finalized and permission to resume has been obtained from the Canadian Securities Exchange.

**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 May 31, 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 six months ended May 31, 2022, the Company recorded a discount of \$198,268 (November 30, 2021 - \$353,864) on the carrying value of EAP common shares relating to shares held in escrow.

For the six months ended May 31, 2022, the Company sold 704,000 (May 31, 2021 – Nil) shares of EAP for proceeds of \$150,298 (May 31, 2021 - \$Nil) resulting in a realized gain of \$101,018 (May 31, 2021 - \$Nil).

In June 2022, the Company entered into two share transfer agreements, which have been disclosed in Note 20 (a).

**6. PREPAID EXPENSES AND DEPOSITS**

	<b>May 31 2022</b>	<b>November 30 2021</b>
Deposit on office premises	\$ 49,697	\$ 49,697
Other prepaid expenses	231,692	33,663
	<b>\$ 281,389</b>	<b>\$ 83,360</b>

**7. PROPERTY AND EQUIPMENT**

	<b>November 30 2020</b>	<b>Additions</b>	<b>November 30 2021</b>	<b>Dispositions</b>	<b>May 31 2022</b>
<b>Cost</b>					
Computer equipment	\$ 173,594	\$ 2,354	\$ 175,948	\$ (23,313)	\$ 152,635
Furniture and fixtures	20,787	-	20,787	(2,533)	18,254
Leasehold improvements	220,474	-	220,474	-	220,474
Right of use lease asset	274,710	-	274,710	-	274,710
	<b>\$ 689,565</b>	<b>\$ 2,354</b>	<b>\$ 691,919</b>	<b>\$ (25,846)</b>	<b>\$ 666,073</b>

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**PERK LABS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
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**For the Three and Six Months Ended May 31, 2022 and 2021**

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	November 30 2020	Depreciation	November 30 2021	Depreciation	May 31 2022
<b>Accumulated depreciation</b>					
Computer equipment	\$ 172,256	\$ 1,901	\$ 174,157	(22,749)	\$ 151,408
Furniture and fixtures	19,823	964	20,787	(2,533)	18,254
Leasehold improvements	220,474	-	220,474	-	220,474
Right of use lease asset	47,093	94,187	141,280	47,092	188,372
	\$ 459,646	\$ 97,052	\$ 556,698	\$ 21,810	\$ 578,509
Carrying Amounts	\$ 229,919		\$ 135,221		\$ 87,564

**8. SHARE CAPITAL****a) Common shares****Authorized:**

Unlimited number of common shares without par value.

**Issued:**

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

**(i) Shares issued for services**

During the six months ended May 31, 2022, the Company issued an aggregate of 1,768,636 (May 31, 2021 – 1,146,438) common shares with a fair value of \$75,500 (May 31, 2021 - \$112,110) for services. The fair value of common shares issued was based on the end of day trading price of the Company's common shares on the date of issuance.

**(ii) Shares issued for equity financing**

During the quarter ended May 31, 2022, the Company closed a private placement for 7,672,138 units at a price of \$0.042 per unit for proceeds of \$322,230. Each unit consisted of one common share and one common share purchase warrant, with each warrant having an exercise price of \$0.05 per share for a period of 24 months from the date of issue. Directors and officers of the Company subscribed for 476,190 of the units for proceeds of \$20,000.

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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**8. SHARE CAPITAL** (continued)**a) Common shares** (continued)**(ii) Shares issued for equity financing** (continued)

During the six months ended May 31, 2022 the Company issued 3,028,000 common shares through its at-the-market offering announced February 17, 2021, at an average price of \$0.032 for gross proceeds of \$107,300 less commissions of \$3,219 for net proceeds of \$104,081.

For the quarter ended May 31, 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 May 31, 2021, the Company issued 6,072,000 common shares through its at-the-market offering announced February 17, 2021, at an average price of \$0.12 for gross proceeds of \$709,085 less commissions of \$21,272 for net proceeds of \$687,813.

**b) Warrants**

	<b>Number of warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, November 30, 2021	3,149,672	\$ 0.08
Expired	(3,149,672)	\$ 0.08
Issued	7,672,138	\$ 0.05
<b>Balance, May 31, 2022</b>	<b>7,672,138</b>	<b>\$ 0.05</b>

**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 Meetings held on June 10, 2020 and June 9, 2021. Awards generally vest over a three-year period (100% cliff vesting on the third anniversary date). The Board or Compensation Committee may, in its sole discretion, determine vesting conditions for RSUs and the method of vesting. The Company's policy is to issue common shares for RSUs in the same month in which they vest.

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

	<b>Number of RSUs</b>	<b>Weighted Average Issue Price</b>
Balance, November 30, 2021	8,755,068	\$ 0.09
Granted	3,323,959	\$ 0.04
Vested, issued and released	(247,167)	\$ 0.10
Forfeited	(1,865,755)	\$ 0.07
<b>Balance, May 31, 2022</b>	<b>9,966,105</b>	<b>\$ 0.07</b>

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

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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**c) Restricted share units (continued)**

<b>Expiration Dates</b>	<b>Outstanding RSUs</b>	<b>Weighted Average Issue Price</b>
June 1, 2022 – September 1, 2024	5,083,734	\$ 0.09
October 1, 2022 – April 5, 2025	4,425,415	\$ 0.05
March 1, 2024 – May 1, 2025	456,956	\$ 0.13
	<b>9,966,105</b>	<b>\$ 0.07</b>

For the six months ended May 31, 2022, the Company recognized share-based compensation expenses of \$36,805 (May 31, 2021 – \$292,784) related to RSUs granted and vested of which \$24,895 (May 31, 2021 - \$247,613) were granted to officers and directors of the Company.

**9. 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, combined with all of the Company’s other security based compensation arrangements, may not exceed 15% of the issued common shares of the Company from time to time. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less \$0.05. Stock options granted under the Plan vest 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 May 31, 2022, the Company recognized share-based compensation expenses of \$6,726 (May 31, 2021 – expenses of \$58,097) related to stock options granted of which a recovery of \$870 (May 31, 2021 – expenses of \$10,904) was related to options granted to officers and directors of the Company.

The following summarizes the stock options outstanding.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance, November 30, 2021	7,902,500	\$ 0.19
Granted	1,400,000	\$ 0.05
Forfeited	(72,500)	\$ 0.10
Expired	(247,500)	\$ 0.08
<b>Outstanding, May 31, 2022</b>	<b>8,982,500</b>	<b>\$ 0.17</b>
<b>Exercisable, May 31, 2022</b>	<b>6,315,833</b>	<b>\$ 0.21</b>

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

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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**9. STOCK OPTIONS (continued)**

	Exercise Price	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
\$	0.05	3.65	2,050,000	408,333
\$	0.10	1.83	920,000	820,000
\$	0.11	2.07	400,000	400,000
\$	0.14	1.94	200,000	25,000
\$	0.15	1.93	1,245,000	495,000
\$	0.16	1.90	3,767,500	3,767,500
\$	0.18	2.76	50,000	50,000
\$	1.46	0.65	350,000	350,000
<b>\$</b>	<b>0.21</b>	<b>1.67</b>	<b>8,982,500</b>	<b>6,315,833</b>

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

	May 31 2022	May 31 2021
Risk-free interest rate	1.45%	0.50%
Expected volatility	155.3%	169%
Expected option life (in years)	5.0	3
Expected forfeiture rate	5%	5%

The weighted average fair value of stock options granted during the year ended May 31, 2022 was \$0.05 (May 31, 2021 - \$0.10).

**10. GENERAL AND ADMINISTRATION EXPENSES**

	Three Months Ended		Six Months Ended	
	May 31 2022	May 31 2021	May 31 2022	May 31 2021
Bank charges and interest	\$ 16,455	\$ 3,172	\$ 34,240	\$ 3,833
Consulting fees	–	41,000	1,425	–
Directors' fees (note 17)	10,000	70,000	28,333	70,000
Insurance	3,136	2,704	6,687	6,570
Investor relations	89,438	4,375	89,895	36,267
Legal, accounting and auditing	26,443	58,824	61,720	56,333
Office	12,600	6,004	21,861	27,055
Rent	19,515	38,277	37,836	33,154
Transfer agent and filing fees	32,314	45,382	68,724	64,153
Travel	907	–	1,152	106
Wages and benefits (note 17)	157,190	116,480	293,441	270,211
	<b>\$ 367,998</b>	<b>\$ 295,131</b>	<b>\$ 645,314</b>	<b>\$ 567,682</b>

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

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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**11. RESEARCH AND DEVELOPMENT EXPENSES**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 31</b>	<b>May 31</b>	<b>May 31</b>	<b>May 31</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Consulting	\$ 70,012	\$ 63,776	\$ 143,852	\$ 119,576
Information technology	19,677	23,221	41,500	37,027
Wages and benefits (note 18)	113,072	116,761	220,363	215,799
	\$ 202,761	\$ 203,758	\$ 405,715	\$ 372,402

**12. SALES AND MARKETING EXPENSES**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 31</b>	<b>May 31</b>	<b>May 31</b>	<b>May 31</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Consulting fees	\$ 42,516	\$ 63,256	\$ 70,966	\$ 132,526
Promotions and events	2,216	3,415	6,090	7,072
Sales and marketing	37,294	71,793	73,438	89,710
Travel	4,923	78	4,943	78
Wages and benefits (note 18)	31,988	45,635	69,286	117,171
	\$ 118,937	\$ 184,177	\$ 224,723	\$ 346,557

**13. 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.

**14. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>Six Months Ended</b>	
	<b>May 31</b>	<b>May 31</b>
	<b>2022</b>	<b>2021</b>
<b>Non-cash investing and financing activities</b>		
Transfer of reserves upon vesting of RSUs	\$ 25,625	\$ 26,810
Transfer of reserves upon exercise of stock options	—	5,766
<b>Supplementary disclosures</b>		
Income taxes paid	\$ —	\$ —
Interest paid on lease liabilities	\$ (11,117)	\$ —
Interest received	\$ 1,229	\$ 2,242



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

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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**15. REVENUE**

The breakdown of revenue for the three and six months ended May 31, 2022 and 2021 is as follows:

	Three Months Ended		Six Months Ended	
	May 31	May 31	May 31	May 31
	2022	2021	2022	2021
Licensing revenue	\$ 4,750	–	\$ 11,750	\$ –
Transaction revenue	1,171	\$ 937	3,153	1,814
Product revenue	100	148	100	14,644
	\$ 6,021	\$ 1,085	\$ 15,003	\$ 16,458

The Interim VP of Sales is the President of a reseller partner of the Company. For the quarter ended May 31, 2022, the Company recognized \$9,000 in licensing revenue from this reseller partner.

**16. GOVERNMENT GRANTS**

For the quarter ended May 31, 2022, the Company received \$20,000 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 May 31, 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 May 31, 2021, the Company received \$114,313 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 May 31, 2021, the Company received \$34,901 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 CERS.

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

**17. RELATED PARTY TRANSACTIONS**

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

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**For the Three and Six Months Ended May 31, 2022 and 2021**

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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:

	<b>May 31 2022</b>	May 31 2021
Directors' fees	<b>\$ 28,333</b>	\$ 140,000
Remuneration and fees	<b>274,833</b>	244,167
Share based compensation	<b>24,025</b>	62,660
	<b>\$ 327,191</b>	\$ 446,827

At May 31, 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.

At May 31, 2022, the Company owed \$2,742 (November 30, 2021 - \$Nil) to the Chief Executive Officer of the Company which is included in accounts payable and accrued liabilities.

At May 31, 2022, the Company owed \$11,871 (November 30, 2021 - \$Nil) to the Chief Technology Officer of the Company which is included in accounts payable and accrued liabilities.

At May 31, 2022, the Company owed \$8,000 (November 30, 2021 - \$8,000) to the Company's Chief Technology Officer's 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.

**18. 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 six months ended May 31, 2022.

	<b>\$</b>
Balance, November 30, 2021	<b>156,666</b>
Lease payments	(58,296)
Interest expenses on lease liabilities	11,117
<b>Balance at May 31, 2022</b>	<b>109,487</b>
Current portion	109,487
Non-current portion	-

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

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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**19. 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.

**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, May 31, 2022 \$
Marketable securities	882,230	3,258	-	885,488

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 to 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.

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

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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)****b) Market risk (continued)****(i) Interest rate risk**

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

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

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

**(ii) Foreign currency risk**

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

The Company is exposed to foreign currency risk with respect to its US denominated bank account. At May 31, 2022, financial instruments were converted at a rate of \$1 US dollar to \$1.2648 (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.

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

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**For the Three and Six Months Ended May 31, 2022 and 2021**

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**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)****b) Market risk (continued)****(iv) Liquidity risk (continued)**

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 May 31, 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.

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.

**20. SUBSEQUENT EVENTS**

- a) On June 28, 2022 the Company's subsidiary Perk Hero Software Inc. entered into two share transfer agreements for the sale of 2,539,000 shares of Hero Innovation Group Inc. (formerly, Euro Asia Pay Holdings Inc., hereafter referred to as "HRO") at \$0.08 per share, for total proceeds of \$203,120.
- b) On June 29, 2022 the Company's subsidiary Perk Hero Software Inc. entered into a share purchase agreement to sell its remaining balance of 5,100,000 escrow common shares of HRO at \$0.08 per share, for total proceeds of \$408,000.
- c) Subsequent to May 31, 2022, the Company granted 3,743,038 RSUs to directors and officers with vesting dates between June 1, 2025 and July 4, 2025 including 548,038 to the Chief Executive Officer, 695,000 to the Chief Technology Officer and 2,500,000 to the Directors. The RSUs vest in three years.

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

---

**For the Three and Six Months Ended May 31, 2022 and 2021**

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- d) Between June 1, 2022 and July 13, 2022, the Company issued 3,970,000 common shares through its at-the-market program at an average price of \$0.024 for gross proceeds of \$92,487. Commissions paid \$2,775 for net proceeds of \$89,712.