

**PERK LABS INC.**

**Condensed Consolidated Interim Financial Statements**

**For the Three and Nine Months Ended August 31, 2023 and 2022**

**(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 Nine Months Ended August 31, 2023 and 2022**

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# PERK LABS INC.

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

### Perk Labs Inc.

Condensed Consolidated Interim Statements of Financial Position  
(Unaudited)

As at	(Unaudited) August 31 2023	(Audited) November 30 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	25,615	315,117
Amounts receivable	58,381	9,977
Marketable securities (note 5)	2,745	11,041
Inventory	1,706	1,519
Prepaid expenses and deposits (note 7)	10,135	99,875
	<u>98,582</u>	<u>437,529</u>
Property and equipment (note 6)	6,274	40,079
Intangible assets	6,842,828	234
<b>Total assets</b>	<b>6,947,684</b>	<b>477,842</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	1,956,752	190,133
Deferred revenue	25,744	2,571
Current portion of lease and long-term debt (note 17)	237,021	56,964
	<u>2,219,517</u>	<u>249,668</u>
Long term debt	180,440	–
Lease liabilities (note 17)	–	–
<b>Total Liabilities</b>	<b>2,399,957</b>	<b>249,668</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	43,240,684	37,046,054
Reserves	5,639,096	6,078,268
Deficit	(44,332,053)	(42,896,148)
<b>Total shareholders' equity</b>	<b>4,547,727</b>	<b>228,174</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,947,684</b>	<b>477,842</b>
Going concern (note 2)		
Commitments (note 17)		
Subsequent events (note 19)		

Authorized for issuance by the Board of Directors on October 27, 2023.

/s/ Kirk Herrington

Director

/s/ Ryan Hardy

Director

## PERK LABS INC.

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

	Three Months Ended		Nine Months Ended	
	August 31	August 31	August 31	August 31
	2023	2022	2023	2022
<b>Revenue</b> (note 15)	<b>9,935</b>	<b>5,402</b>	<b>51,976</b>	<b>20,406</b>
Cost of sales	8,990	4,107	49,776	13,381
Gross margin (loss)	945	1,295	2,200	7,025
<b>Expenses</b>				
Depreciation and amortization (note 6)	1,177	23,742	41,794	71,399
General and administration (note 10)	324,412	295,290	869,617	940,605
Research and development (note 11)	119,432	132,299	369,871	538,014
Sales and marketing (note 12)	78,136	84,330	296,283	309,053
Share-based compensation (notes 8, 9 and 16)	71,049	98,600	(148,556)	142,131
<b>Total operating expenses</b>	<b>594,205</b>	<b>634,261</b>	<b>1,429,009</b>	<b>2,001,202</b>
<b>Loss from operations</b>	<b>(593,260)</b>	<b>(632,965)</b>	<b>(1,426,809)</b>	<b>(1,994,177)</b>
Other income (expense)				
Foreign exchange gain (loss)	1,640	(1,532)	(787)	(4,617)
Gain on sale of property and equipment	–	8,922	1,520	18,932
Gain on sale of marketable securities	–	76,390	–	192,763
Government subsidies and grants	–	–	–	25,275
Interest expense	–	(4,129)	(2,046)	(15,245)
Interest income	–	917	491	2,145
Other Income	–	–	22	9
Unrealized gain (loss) on marketable securities (note 5)	–	(338,274)	(8,296)	(1,043,327)
	1,640	(257,706)	(9,096)	(824,065)
<b>Net and comprehensive income (loss) for the period</b>	<b>(591,620)</b>	<b>(890,671)</b>	<b>(1,435,905)</b>	<b>(2,818,242)</b>
<b>Net income (loss) per share</b>				
Basic	(0.00)	(0.00)	(0.00)	(0.01)
Diluted	(0.00)	(0.00)	(0.00)	(0.01)
<b>Weighted average number of shares outstanding (basic)</b>	<b>416,224,209</b>	<b>193,659,370</b>	<b>341,448,242</b>	<b>190,992,960</b>
<b>Weighted average number of shares outstanding (diluted)</b>	<b>469,841,948</b>	<b>193,659,370</b>	<b>379,108,159</b>	<b>190,992,960</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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	Number of Shares	Share Capital	Reserves	Deficit	(Unaudited) Total Equity
Balance, November 30, 2022	202,694,664	\$ 37,046,054	\$ 6,078,268	\$ (42,896,148)	\$ 228,174
Shares issued for cash	16,848,323	276,313	–	–	276,313
Share issuance costs	–	–	–	–	–
Shares issued for service	2,905,384	41,667	–	–	41,667
Shares issued under RSU plan	10,285,823	290,616	(212,974)	–	77,642
Share-based compensation	–	–	(226,198)	–	(226,198)
Stock exchange (purchase of Getit)	186,201,148	5,586,034	–	–	5,586,034
Net income for the period	–	–	–	(1,435,905)	(1,435,905)
<b>Balance, August 31, 2023</b>	<b>418,935,342</b>	<b>\$ 43,240,684</b>	<b>\$ 5,639,096</b>	<b>\$ (44,332,053)</b>	<b>\$ 4,547,727</b>

	Number of Shares	Share Capital	Reserves	Deficit	(Unaudited) 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	14,670,138	522,017	–	–	522,017
Share issuance costs	–	(18,930)	–	–	(18,930)
Shares issued for service	3,321,302	109,433	–	–	109,433
Shares issued under RSU plan	352,167	36,900	(36,900)	–	–
Share-based compensation	–	–	142,131	–	142,131
Net income for the period	–	–	–	(2,818,243)	(2,818,243)
<b>Balance, August 31, 2022</b>	<b>200,657,526</b>	<b>\$ 37,008,871</b>	<b>\$ 5,989,207</b>	<b>\$ (42,335,921)</b>	<b>\$ 662,156</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>Nine Months Ended</b>	
	<b>August 31</b>	<b>August 31</b>
	<b>2023</b>	<b>2022</b>
<hr/>		
<b>Cash and cash equivalents provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss)	(1,435,905)	(2,818,243)
Items not affecting cash		
Depreciation and amortization	41,794	71,399
Gain on sale of marketable securities	–	(192,763)
Gain on sale of property and equipment	–	(10,010)
Increase in note receivable	–	–
Interest expense on lease liability	2,046	15,245
Shares issued for service	41,667	75,500
Share-based compensation	(148,556)	142,131
Unrealized (gain) loss on marketable securities	8,296	1,043,328
	(1,490,658)	(1,673,412)
<b>Net change in non-cash working capital</b>	<b>921,486</b>	<b>(275,126)</b>
	(569,172)	(1,948,539)
<hr/>		
<b>Investing activities</b>		
Acquisition of intangible assets	–	(234)
Proceeds from sale of property and equipment	–	10,010
Proceeds from sale of marketable securities	–	165,653
	–	175,429
<hr/>		
<b>Financing activities</b>		
Proceeds from share issuances	327,115	429,530
Share issuance costs	–	(14,656)
Repayment of lease liabilities and long term debt	(47,445)	(58,296)
	279,670	356,577
<hr/>		
<b>Net increase (decrease) in cash</b>	<b>(289,502)</b>	<b>(1,416,532)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>315,117</b>	<b>1,287,468</b>
<b>Cash and cash equivalents, end of year</b>	<b>25,615</b>	<b>(129,064)</b>
<b>Supplemental cash flow information (note 14)</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 Nine Months Ended August 31, 2023 and 2022

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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 address is Suite 250, PMB 955, 997 Seymour Street, Vancouver, British Columbia, V6B 3M1.

The Company’s common shares trade on the Canadian Securities Exchange (“CSE”) under the symbol PERK and began trading on September 7, 2016; on the OTC PINK under the symbol PKLBF; and on the Frankfurt Stock Exchange under the symbol PKLB.

These condensed consolidated interim financial statements include the accounts of Perk Labs Inc. and its four wholly owned subsidiaries: Getit Technologies Inc.; Perk Hero Software Inc.; Perk Hero USA, Inc.; and Perks Technologies Inc.

Perk Labs is an innovative solutions company specializing in software development for apps, payments, and loyalty rewards. Our technologies connect businesses and consumers through mobile apps and web-based ordering and payment services that optimize and streamline consumer experience and merchant digitalization.

### 2. GOING CONCERN

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. During the nine months ended August 31, 2023, the Company incurred a net loss from operations of \$1,435,905 and used cash of \$569,172 for operating activities. As of that date, the Company had an accumulated deficit of \$44,332,053.

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 August 31, 2023 is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate and the impact of those adjustments could be material.

The war in Ukraine, which started in February 2022, has generated globally a significant negative impact on consumption and GDP, driving inflation to historical highs. As a measure of managing inflation, the government of Canada has increased interest rates through 2022 and it may continue to do so in the remainder of 2023. These negative economic factors in the market could further impact operations and the ability to obtain funding to support growth.

Even after the uncertainty in the events over the war in Ukraine and inflation, 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.

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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 Nine Months Ended August 31, 2023 and 2022

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### 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, 2022, 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.

#### 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



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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 Nine Months Ended August 31, 2023 and 2022

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### 3. BASIS OF PREPARATION (continued)

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.

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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 Nine Months Ended August 31, 2023 and 2022**

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**5. MARKETABLE SECURITIES**

	<b>August 31 2023</b>	<b>November 30 2022</b>
	<b>Fair Value</b>	
<b>Current</b>		
Better Plant Sciences Inc. (shares)	\$ 2,745	\$ 11,038
Better Plant Sciences Inc. (warrants)	0	3
	\$ 2,745	\$ 11,041
	\$ 2,745	\$ 11,041

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

BPS announced on February 14, 2022, a reverse merger transaction and the trading of BPS common shares was halted pending completion of the transaction. On January 30, 2023, BPS announced the termination of the transaction, and on February 10, 2023, the CSE announced that BPS would be designated as an "Inactive Issuer" due to failure to meet the continued listing requirements. On February 13, 2023, BPS's common shares resumed trading on the CSE under the symbol PLNT.X.

At August 31, 2023, the Company held 61,000 (November 30, 2022 – 61,000) BPS common shares with a fair value of \$2,745 (November 30, 2022 - \$11,038). For the nine months ended August 31, 2023, the Company recognized an unrealized loss of \$8,293 (November 30, 2022 – loss of \$33,962) on the BPS common shares.

At August 31, 2023, the Company held 546,000 (November 30, 2022 – 546,000) BPS warrants with a fair value of \$0 (November 30, 2022 - \$3). For the nine months ended August 31, 2023, the Company recognized an unrealized loss of \$3 (November 30, 2022 – loss of \$31,192) on the BPS warrants.

## PERK LABS INC.

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

For the Nine Months Ended August 31, 2023 and 2022

#### 6. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	November 30 2021		November 30 2022		August 31 2023	
		Additions		Additions	Disposals	
<b>Cost</b>						
Computer equipment	\$ 175,948	\$ (46,862)	\$ 129,086	\$ 1,027	\$ -	<b>130,113</b>
Furniture and fixtures	20,787	(9,599)	11,188	6,964	-	<b>18,152</b>
Leasehold improvements	220,474	-	220,474	-	220,474	-
Right of use lease asset	274,710	-	274,710	-	274,710	-
	\$ 691,919	\$ (56,461)	\$ 635,458	\$ 7,991	\$ 495,184	<b>\$ 148,265</b>
<b>Accumulated Depreciation/Amortization</b>						
	November 30 2021	Depreciation/ Amortization	November 30 2022	Depreciation/ Amortization	Disposals	August 31 2023
Computer equipment	\$ 174,157	\$ (45,905)	\$ 128,252	\$ 1,203	\$ -	<b>\$ 129,455</b>
Furniture and fixtures	20,787	(9,599)	11,188	1,348	-	<b>12,536</b>
Leasehold improvements	220,474	-	220,474	-	220,474	-
Right of use lease asset	141,280	94,185	235,465	39,243	274,708	-
	\$ 556,698	\$ 38,681	\$ 595,379	\$ 41,794	\$ 495,182	<b>\$ 141,991</b>
<b>Carrying Amounts</b>	\$ 135,221		\$ 40,079			<b>6,274</b>

	Goodwill		Total	
<b>Cost</b>				
Balance November 30, 2021	\$ -	\$ -	\$ -	\$ -
<b>Balance November 30, 2022</b>				
Additions	6,842,828		6,842,828	
<b>Balance August 31, 2023</b>	\$ 6,842,828	\$ -	\$ 6,842,828	\$ -
<b>Accumulated Amortization and Impairment</b>				
Balance November 30, 2021	\$ -	\$ -	\$ -	\$ -
<b>Balance, November 30, 2022</b>	\$ -	\$ -	\$ -	\$ -
Amortization in year	-	-	-	-
Impairment in year	-	-	-	-
<b>Balance August 31, 2023</b>	\$ -	\$ -	\$ -	\$ -
<b>Carrying Amounts</b>	\$ 6,842,828	\$ -	\$ 6,842,828	\$ -

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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 Nine Months Ended August 31, 2023 and 2022

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#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable are \$906,853 (November 30, 2022 - \$151,692). Accrued liabilities are \$459,060 (November 30, 2022 - \$9,802). Accrued payroll liabilities are \$580,386 (November 30, 2022 - \$20,639). There are payments due to officers, directors and other related parties of \$10,453 (November 30, 2022 - \$80,000) for various consulting, management, and director fees.

#### 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. On July 14, 2022, the Company announced that it had ended its ATM program.

##### (i) Shares issued for services

During the three months ended August 31, 2023 the Company did not issue shares for services.

During the nine months ended August 31, 2023, the Company issued an aggregate of 2,905,384 (August 31, 2022 – 3,321,302) common shares with a fair value of \$41,667 (August 31, 2022 - \$109,433) 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

There were nil shares issued for equity financing during the quarter ended August 31, 2023 (August 31, 2022 – nil).

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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 Nine Months Ended August 31, 2023 and 2022

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8. SHARE CAPITAL (continued)

b) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2022	7,672,138	\$ 0.05
Granted	16,848,323	\$ 0.05
Expired	-	\$ -
<b>Balance, August 31, 2023</b>	<b>24,520,461</b>	<b>\$ 0.05</b>
<b>Exercisable as at, August 31, 2023</b>	<b>24,520,461</b>	<b>\$ 0.05</b>

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price
28-Mar-24	0.58	7,374,645	\$ 0.05
13-Apr-24	0.62	297,493	\$ 0.05
24-Apr-26	2.65	16,848,323	\$ 0.05
<b>Total</b>		<b>24,520,461</b>	<b>\$ 0.05</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 Nine Months Ended August 31, 2023 and 2022**

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

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

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	Number of Units	Weighted average issue price of RSU
Balance, November 30, 2022	20,228,435	\$ 0.04
Granted	15,653,200	0.02
Vested, issued and released	(10,285,823)	0.05
Forfeited	(7,195,858)	0.04
<b>Balance, August 31, 2023</b>	<b>18,399,954</b>	<b>\$ 0.03</b>

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Expiration Dates	Outstanding RSUs	Weighted Average Issue Price
June 1, 2023 to November 30, 2023	370,833	\$ 0.05
December 1, 2023 to November 30, 2024	817,040	0.07
December 1, 2024 to November 30, 2025	15,712,081	0.01
December 1, 2025 to November 30, 2026	1,500,000	0.11
	<b>18,399,954</b>	<b>\$ 0.03</b>

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For the nine months ended August 31, 2023, the Company recognized RSU share-based compensation decrease of \$354,360 (August 31, 2022 – expense of \$140,511). This was represented by \$88,105 of RSU compensation expense and a recovery of \$266,254 of previously issued RSUs that were forfeited. Of the RSUs granted, \$354,360 (August 31, 2022 - \$124,942) were granted to officers and directors of the Company.

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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 Nine Months Ended August 31, 2023 and 2022**

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**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, as amended November 3, 2020. (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, together with all of the Company's other compensation or incentive mechanisms involving the issuance or potential issuance of Common Shares, 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 August 31, 2023, the Company recognized share-based compensation recovery of \$13,333 (August 31, 2022 – \$1,620) related to stock options granted of which \$0 (August 31, 2022 – recovery of \$433) 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, 2022	5,420,000	\$ 0.12
Granted	3,642,858	\$ 0.05
Forfeited	-	\$ -
Expired	(1,076,667)	\$ 0.07
Exercised	-	\$ -
<b>Balance, August 31, 2023</b>	<b>7,986,191</b>	<b>\$ 0.09</b>

<b>Exercise Price</b>	<b>Weighted Average Remaining Life</b>	<b>Options Outstanding (#)</b>	<b>Options Exercisable (#)</b>
0.05	3.66	4,476,191	2,209,524
0.10	1.22	600,000	600,000
0.11	0.82	350,000	350,000
0.14	0.69	200,000	200,000
0.15	0.68	1,245,000	1,245,000
0.16	0.65	1,065,000	1,065,000
0.18	1.51	50,000	50,000
<b>0.09</b>	<b>0.71</b>	<b>7,986,191</b>	<b>5,719,524</b>

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**PERK LABS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
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**For the Nine Months Ended August 31, 2023 and 2022**

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**9. STOCK OPTIONS (continued)**

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 in the twelve months to August 31, 2023.

	<b>August 31 2023</b>	August 31 2022
Risk-free interest rate	<b>3.55%</b>	1.45%
Expected volatility	<b>190%</b>	155%
Expected option life (in years)	<b>5.0</b>	5.0
Expected forfeiture rate	<b>5%</b>	5%

The average fair value of stock options granted in the twelve months ending August 31, 2023 was \$0.01 (August 31, 2022 - \$0.05).

**10. GENERAL AND ADMINISTRATION EXPENSES**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>August 31 2023</b>	August 31 2022	<b>August 31 2023</b>	August 31 2022
Bank charges and interest	<b>85,149</b>	\$ 16,455	<b>85,763</b>	34,240
Consulting fees	<b>28,274</b>	-	<b>28,274</b>	1,425
Directors' fees (note 19)	-	10,000	<b>3,333</b>	28,333
Insurance	<b>7,514</b>	3,136	<b>10,834</b>	6,687
Investor relations	<b>30,000</b>	89,438	<b>71,128</b>	89,895
Legal, accounting, and auditing	<b>74,381</b>	26,443	<b>90,835</b>	61,790
Office	<b>47,805</b>	12,529	<b>49,839</b>	21,790
Rent	<b>74,402</b>	19,515	<b>80,590</b>	37,836
Transfer agent and filing fees	<b>41,212</b>	32,314	<b>69,454</b>	68,724
Travel	<b>17,168</b>	907	<b>17,470</b>	1,152
Wages and benefits (note 18)	<b>264,261</b>	157,190	<b>362,097</b>	293,441
	<b>670,166</b>	367,927	<b>869,617</b>	645,314



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**For the Nine Months Ended August 31, 2023 and 2022**

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**11. RESEARCH AND DEVELOPMENT EXPENSES**

	Three Months Ended		Nine Months Ended	
	August 31	August 31	August 31	August 31
	2023	2022	2023	2022
Consulting	–	\$ 26,945	<b>64,401</b>	170,797
Information technology	<b>13,009</b>	21,697	<b>54,157</b>	63,197
Wages and benefits (note 18)	<b>106,423</b>	83,657	<b>251,313</b>	304,020
	<b>119,432</b>	132,299	<b>369,871</b>	538,014

**12. SALES AND MARKETING EXPENSES**

	Three Months Ended		Nine Months Ended	
	August 31	August 31	August 31	August 31
	2023	2022	2023	2022
Consulting fees	–	\$ 40,820	<b>12,345</b>	111,786
Promotions and events	<b>5,387</b>	1,478	<b>17,258</b>	7,568
Sales and marketing	<b>(1,691)</b>	5,476	<b>45,430</b>	78,913
Travel	–	63	<b>7</b>	5,006
Wages and benefits (note 18)	<b>74,440</b>	36,493	<b>221,243</b>	105,780
	<b>78,136</b>	84,330	<b>296,283</b>	309,053

**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.

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**For the Nine Months Ended August 31, 2023 and 2022**

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**14. SUPPLEMENTAL CASH FLOW INFORMATION**

	Nine Months Ended	
	August 31 2023	August 31 2022
<b>Non-cash investing and financing activities</b>		
Common shares issued for services	41,667	31,233
Transfer of reserves upon vesting of RSUs	212,974	–
Transfer of reserves upon exercise of stock options	–	–
<b>Supplementary disclosures</b>		
Income taxes paid	–	–
Interest paid on lease liabilities	(2,046)	(5,978)
Interest received	491	722

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**15. REVENUE**

The breakdown of revenue for the three and nine months ended August 31, 2023 and 2022 is as follows:

	Three Months Ended		Nine Months Ended	
	August 31 2023	August 31 2022	August 31 2023	August 31 2022
Licensing revenue	–	1,750	–	13,500
Transaction revenue	8,582	3,629	48,054	6,782
Subscription revenue	1,353	24	3,922	124
	9,935	5,403	51,976	20,406

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(Unaudited)  
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**For the Nine Months Ended August 31, 2023 and 2022**

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**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:

	<b>Nine Months Ended</b>	
	<b>August 31</b>	<b>August 31</b>
	<b>2023</b>	<b>2022</b>
Directors' fees	<b>3,333</b>	18,333
Remuneration and fees	<b>232,711</b>	142,035
Share-based compensation	<b>405,240</b>	54,897
	<b>641,284</b>	215,265

At August 31, 2023, the Company owed \$50,453 (November 30, 2022 - \$6,667) to directors of the Company, listed within accounts payable and accrued liabilities.

At August 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 August 31, 2022, the Company owed \$9,387 (November 30, 2021 - \$8,000) to the Company's Chief Technology Officer 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 the reporting date, May 31, 2023 the Company ended its office lease at its headquarters in Vancouver. As such, the Company no longer has any long term lease liabilities.

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**PERK LABS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
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**For the Nine Months Ended August 31, 2023 and 2022**

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**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.

	Fair value measurements using			
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Balance, August 31, 2023 \$
Marketable securities	2,745	-	-	2,745

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.

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**PERK LABS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
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**For the Nine Months Ended August 31, 2023 and 2022**

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**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)****b) Market risk**

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

**(i) Interest rate risk**

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

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

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

**(ii) Foreign currency risk**

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

The Company is exposed to foreign currency risk with respect to its US denominated bank account. At August 31, 2023, financial instruments were converted at a rate of \$1 US dollar to \$1.3580 (November 30, 2022 – \$1.3508) 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.

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**PERK LABS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
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**For the Nine Months Ended August 31, 2023 and 2022**

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**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)****(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, 2023 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, 2022, the Company announced the renewal of its at-the-market 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. On July 14, 2022, the Company announced the end of its at-the-market equity program.

**(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.

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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 Nine Months Ended August 31, 2023 and 2022

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#### 19. SUBSEQUENT EVENTS

- **Private Placement of Units:** In September, the Company closed a non-brokered private placement of 1,312,500 units (“Units”) at a price of \$0.016 per Unit for gross proceeds of CAD\$21,000. Each Unit consists of one common share of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”). Each Warrant 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 the closing.

Also, in connection with the private placement, the Company entered into a Debt Settlement Agreement with an arms-length creditor (the “Creditor”) for the settlement of a total of CAD\$20,000 debt in consulting and design services provided by the Creditor to the Company. In settlement and full satisfaction of the debt, the Company issued 1,250,000 Units to the Creditor.

- **Private Placement of Convertible Debentures:** The Company also closed a non-brokered private placement of convertible debentures (“**Debentures**”) for gross proceeds of \$450,000. The Debentures mature one year from the date of issuance and bear interest at a rate of 15% per annum. The Debentures are convertible into Common Shares at a conversion price of \$0.05 per Common Share,