



PERK LABS INC.

(formerly Glance Technologies Inc.)

Management's Discussion and Analysis

For the Nine Months Ended August 31, 2020

(Expressed in Canadian Dollars)

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CAUTION REGARDING FORWARD LOOKING STATEMENTS

Certain information included in this MD&A may constitute forward-looking statements. Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements are typically identified by the words *assumption, goal, guidance, objective, outlook, project, strategy, target* and other similar expressions or future or conditional verbs such as *aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive, and will*. In this MD&A, forward-looking statements include such statements as:

- the Company's belief regarding its ability to generate new revenue from its new *Perk Hero* application
- that there is an opportunity for our Company to support small businesses with the digital tools such as mobile ordering, contact free payment and digital loyalty that will help small businesses recover and prosper in the post-COVID-19 environment
- that the Company will emerge from the events caused by COVID-19 well positioned for long-term growth
- that the Company will continue to review and prioritize its expenditures to best use its cash resources that its expectation that cash expenses will be further reduced in the near term
- that the Company is exploring licensing opportunities for its technology into geographies and verticals in which it currently does not have a presence
- the Company's ability to raise additional capital needed to fund operations.

Readers are cautioned not to put undue reliance on forward-looking statements. Unless otherwise indicated by us, forward-looking statements in this MD&A describe our expectations as at October 23, 2020 and, accordingly, are subject to change after that date. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statements will materialize, and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in this MD&A for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes. The forward-looking statements in this MD&A are based on, among other things, the following assumptions:

- the Company will be able to achieve its business objectives
- the Company will be able to develop proprietary software to implement its plans
- the Company will be successful in obtaining and retaining clients and licensees for its software
- the Company will be able to expand its operations successfully in new geographic markets and industries

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The forward-looking statements in this MD&A are subject to, among other things, the following risks:

- the Company's operations are dependent on key technical personnel, and the loss of such personnel could have a significant impact on the Company's ability to conduct its activities
- technological advances that could require significant additional research and development costs to our Perk Hero app
- currency fluctuations and exchange rates
- the Company's ability to continue as a going concern
- the Company may not be able to obtain all necessary funding for its operations, on terms satisfactory to the Company or at all
- credit risk
- the Company's dependence on information technology systems
- risks that the Company's software and applications may contain security problems, security vulnerabilities, or defects in design or manufacture, including "bugs" and other problems that could interfere with the intended operation of its software
- risks related to the volatility of customer demand for the Company's products
- risks associated with cybersecurity and privacy violations, in particular given the Company's operations are highly dependent on online technologies and the Company obtains a significant amount of personal information in the course of operations
- the Company may not be able to successfully expand its operations beyond the Canadian marketplace or into industries other than the restaurant industry
- duration and impact of COVID-19 on our business plans, objectives and expected operating results

We have made certain economic, market and operational assumptions in preparing the forward-looking statements contained in this MD&A. If our assumptions turn out to be inaccurate, our actual results could be materially different from what we expect.

Important risk factors including, without limitation, competitive, regulatory, economic, financial, operational, technological and other risks could cause actual results or events to differ materially from those expressed in, or implied by, the previously-mentioned forward-looking statements.

We caution readers that the risks described in this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our financial position, financial performance, cash flows, business, or reputation. Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after October 23, 2020. The financial impact of these transactions and special items can be complex and depends on facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way, or in the same way we present known risks affecting our business.

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of Perk Labs Inc. (formerly Glance Technologies Inc.) (the "Company") for the nine months ended August 31, 2020 should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended August 31, 2020 and the audited consolidated financial statements for the year ended November 30, 2019 which are prepared in accordance with International Financial Reporting Standards ("IFRS").

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The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the symbol PERK (formerly GET) and on the OTCQB under the symbol PKLBF (formerly GLNNF) and on the Frankfurt Stock Exchange under the symbol PKLB (formerly GJT).

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

The Company's office is located at Suite 1755, 555 Burrard Street, Vancouver, British Columbia, V7X 1M9.

The Company's principal business is to enhance the payment process for both consumers and merchants online and in brick-and-mortar environments using proprietary technology that combines mobile technologies and traditional payment processing, originally using *Glance Pay* and subsequently using *Perk Hero*. 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.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Director's Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating, and internal control matters.

This MD&A is prepared as at October 23, 2020. All dollar figures stated herein are expressed in Canadian dollars unless otherwise noted.

Readers should use the information contained in this report in conjunction with all other disclosure documents including those filed on SEDAR at www.sedar.com.

COVID-19

The outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations, and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors, and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume.

The Company continues to monitor the impact of the COVID-19 pandemic on our business, our industry and the broader economy. The pandemic has continued to impact and could further impact our operations and the operations of our customers. The second wave of COVID-19 cases has hit the country and there have been significant increases in the number of cases.

The increase in COVID-19 cases has resulted in the Province of BC implementing stricter measures in restaurants such as liquor sales stopping before 10 p.m. and doors closing by 11 p.m. We anticipate that

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in-dining transactions in restaurants will continue to be disproportionately impacted by COVID-19 and it is unclear at this time as to when levels will recover to pre-COVID-19 levels.

At this time, the Company cannot reasonably estimate the duration or severity of the economic impact to our users and merchant partners caused by the restrictions on daily life to curb the spread of COVID-19, or the ultimate impact on the Company's operations and liquidity. 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.

Q3 Overview

As a result of investments made in the prior quarter, the Company was able to successfully launch new product offerings to users including dropshipping and Perk Hero branded stores. This coupled with marketing initiatives led to growth in both merchants and users. The revenue earned by the Company in the third quarter was primarily generated by the sale of gift cards through the Perk Hero branded stores in the last two weeks of August. The Perk Hero app continues to evolve and offer a unique feature set that we believe will poise us for growth.

The Company is continuing to innovate its product. We have seen early success with our dropshipping merchants and we have been able to increase their customer base while earning sustainable commissions for both Perk Labs and merchants. The Company will continue to roll out improvements in the near future with a focus on delivering a community commerce mobile platform will enable us to expand into other markets more quickly due with a more streamlined onboarding process for dropshipping merchants and low cost requirements.

Q3 HIGHLIGHTS

- **Initiated at-the-market equity program:** 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 an at-the-market equity program that allows the Company to issue and sell up to \$2,000,000 of common shares of the Company from treasury to the public, from time to time, at its discretion. Share issuance costs were \$228,049.

For the period ended August 31, 2020, the Company issued 384,000 common shares through its at-the-market program at an average price of \$0.055 for gross proceeds of \$21,220. Commissions paid were \$637 for net proceeds of \$20,583.

- **Launched mobile commerce feature supporting drop shipping.** The Company expanded the capabilities of the Perk Hero app by enabling mobile commerce (m-commerce) functionality. This feature enables brick and mortar and online-online businesses to sell products that will be shipped directly to consumers. As at August 31, 2020, Perk Hero had a total of 102 merchants across its entire platform.
- **Order from Table feature added to Perk Hero.** This feature provides restaurants who must now adhere to limited dine-in capabilities with advanced tools to provide a seamless full service dine-in experience with limited staff-to-guest physical contact and for the customer to have the ability to order at their convenience.

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- **Launched multiple marketing campaigns for user and merchant acquisition.** The Company launched multiple campaigns including its "Keep It Local" campaign to attract merchants and "\$1/5/10" promo to attract users to its app. These two campaigns were highlighted in the *Daily Hive Vancouver's* digital channels with a target audience reach of over 40,000 people.
- **Launched the first Perk Hero branded store:** The Company launched its own branded store in which it sold products that it held in its inventory, including physical gift cards. The successful launch of this store provided valuable insights into the desires of Perk Hero's user base and helped validate the Company's product strategy.
- **Appointed Norman Tan as full time Chief Financial Officer.** Prior to joining the Company, Norman served as the Chief Financial Officer at Lendified Holdings Inc. Prior to joining Lendified, Norman worked in Deloitte's audit and assurance practice where he worked with finance leaders in industries including fintech, manufacturing and professional services. He has also held roles in management consulting, technology equity research and private equity. Norman received his B.Comm from the University of British Columbia, his MBA from Queen's University and is a CFA Charterholder.
- **Funding Received Under the Canada Emergency Wage Subsidy Program.** To date, the Company has received \$226,327 under this federal program to assist employers during the COVID-19 pandemic. The total amount claimed under this program for the nine months ended August 31, 2020 was \$280,890. \$54,563 was booked as a receivable.
- **Approved for Canada Emergency Commercial Rent Assistance (CECRA):** The Company was approved under this federal program which provides commercial rent assistance for small businesses. The initial approval was for April, May, and June. The net impact of this rent assistance is a reduction of \$29,993 against rent expenses.

HIGHLIGHTS SUBSEQUENT TO AUGUST 31, 2020

- **Launched Web Payments:** Perk Labs launched the addition of a web browser payment feature (web pay) that enables no-contact payment. The web pay feature gives businesses the opportunity to introduce Perk Hero to their customers, without the requirements of downloading the Perk Hero app in order to complete the transaction and is ideal for those in a quick pay scenario, such as dental office patients, spa, salon or barbershop clients.
- **Launch at select EasyPark locations:** The Company announced an agreement with EasyPark to provide their customers with the convenience of paying for parking with their phone via the Perk Hero app at EasyPark's busy Gastown and Pacific Centre parking locations located in downtown Vancouver. In addition, users are able to pay for their violation tickets through the Perk Hero App.
- **Appointed Daniel Zou as COO.** In Mr. Zou's new role as COO, he will be responsible for the Company's operations and in particular, setting revenue targets for the Company's sales, marketing, and customer success teams and driving the performance of those teams. Prior to joining Perk Labs, Daniel was Head of Business Development at Alipay Canada, a global digital payment and lifestyle platform serving over 1.2 billion users globally.

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- **Continued to raise money through its at-the-market offering:** Subsequent to quarter-end, the Company issued 3,247,000 shares at an average price per share of \$0.043 through its at-the-marketing offering for gross proceeds of \$140,105. Commissions paid were \$4,203 for net proceeds of \$135,902.
- **Launched Perk Hero branded stores:** Expanding on its m-commerce strategy, Perk Hero launched several of its own themed stores which include Beauty, Body and Personal Care, Work from Home Essentials and Green Your Home. Each store contains curated products that were selected to meet the needs of our users.
- **New focus on retail verticals:** Based on the Company's results from the third quarter, management decided to shift the Company's focus away from the food and beverage vertical to focus more on dropshipping merchants and Perk Hero managed stores. Management believes that this is the prudent decision to make because of increased spending on customer acquisition and retention from significantly better funded competitors. Additionally, onboarding additional food and beverage merchants will require additional capital investments for hardware to provide to the merchants.

In contrast, focusing on retail allows Perk Hero to earn greater commissions and onboard merchants more quickly as there are no capital requirements for hardware. Management believes that this model is more scalable and allows Perk Hero to enter new markets faster.

PERK HERO APP

Perk Hero is an all-in-one mobile ordering, payment, and customer loyalty platform. It is built on a new and advanced technology stack using offerings from leading companies like Amazon, Microsoft and Stripe. While it includes some of the best features of *Glance Pay* such as the ability to make quick secure payments by QR Code or paying by photo, it also includes many new advanced features such as:

- Apple Pay integration
- Google Pay integration
- Alipay integration
- Mobile pre-order
- Powerful, gamified loyalty reward platform allowing users to earn virtual coins as rewards
- All-in-one user and merchant application
- Merchant analytics and dashboard

The *Perk Hero* brand more squarely targets Gen Z and Millennials. Research shows that:

- Gen Z will account for 40% of global consumers in 2020 (McKinsey & Company)
- Millennials are three times more likely to be excited about new mobile apps and features than older users (ComScore)
- More than 2 out of 3 millennials say they're always looking for new apps and wish they could do more with the apps they already have (ComScore)
- 66% of millennial digital media time is using smartphone apps (ComScore)

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Perk Hero replaces the Company's original mobile payment solution, *Glance Pay*. *Glance Pay* experienced a decrease in transactions as a consequence of the closure of in-dining restaurant services due to the COVID-19 pandemic. In order to save server-hosting and maintenance costs, the Company shut down *Glance Pay* on April 14, 2020.

Perk Hero will be building on its m-commerce capabilities to provide businesses with additional channels to market and sell their products. *Perk Hero* will also offer a '*Perk Hero for Businesses*' white-label enterprise solution to chains that can be branded and customized under their respective names.

The key market drivers for the growth in mobile payments—beyond convenience and ease of use to pay for products from mobile phones—is that they can be easily integrated with card-free loyalty programs, and valuable data can be acquired such as how often customers shop, dine, what they buy, and how they respond to incentives. Merchants can use this data to better market to customers based on their shopping behaviour, patterns and preferences.

On March 5, 2020, the Company announced that an agreement was signed with Alipay to enable Alipay users to make payments on the Company's payment platform and that the Company will be harmonizing its QR codes to enable Alipay payment at *Perk Hero* merchants. In 2013, Alipay overtook PayPal as the world's largest mobile payment platform, with 900 million Alipay users as of June 2019, many of whom are part of a rapidly growing Chinese middle class that enjoys shopping, dining out, and visiting tourist attractions.

The Company launched the *Perk Hero* app on April 2, 2020. With the ongoing COVID-19 crisis, the Company sees the need and demand for mobile ordering and safe contactless digital payments. *Perk Hero* will be focussing on helping local businesses expand their reach to new markets that extend beyond the Lower Mainland which is where *Perk Hero* has traditionally focussed its efforts. We believe that this will help increase revenues for our merchants while also increasing the revenues for *Perk Hero*.

COMPANY OVERVIEW

Perk Labs Inc. (formerly Glance Technologies Inc.), a Vancouver-based technology company, owns and operates *Perk Hero* and formerly operated *Glance Pay*.

Perk Hero is an all-in-one mobile ordering, payments and loyalty app that enables merchants to provide their customers with digital rewards and a more engaging and convenient customer experience.

Glance Pay was a payment and loyalty platform that allows smartphone users to make payments, access digital receipts, redeem digital deals, and earn rewards. The Company launched the *Perk Hero* app on April 2, 2020 and ended the *Glance Pay* app on April 14, 2020.

Cost and Controls

During the nine months ended August 31, 2020, management continued to implement significant changes to better utilize its cash resources. Specifically, the Company continued to optimize costs related to external advisors, restructured its team to focus on research and development related to the *Perk Hero* platform and channeled resources into targeted marketing and sales. We will continue to review and prioritize expenditures in order to drive growth in *Perk Hero*.

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Fobisuite

Fobisuite has granted Perk Hero a non-exclusive licence to use Fobisuite's technology which allows for the digitization of receipts for data collection and the ability to customize and append receipts with advertisements, deals, and coupons for merchants in the hospitality industry.

Converge Joint Venture

The Company has entered into a joint venture with Kinect Technologies Inc. to form Converge MobiSolutions Inc. and granted it a license to sell the Company's products.

Assets

In addition to our cash resources from previous financings, the Company owns a significant number of shares in companies including Better Plant Sciences (formerly Yield Growth Corp)("BPS"), and Euro Asia Pay Holdings Inc. The Company has the option to raise funds through liquidating its shareholdings in these entities when appropriate. BPS is a publicly listed company.

Financing

On July 29, 2020, the Company announced the initiation of an at-the-market equity program that allows the Company to issue and sell up to \$2,000,000 of common shares of the Company to the public at its discretion. As of October 23, 2020, the Company has issued a total of 3,631,000 for total gross proceeds of \$161,325. Total commissions paid were \$4,840 for net proceeds of \$156,485.

Summary

By upgrading our technology stack, focusing our branding on the optimal target demographic and improving capacity for monetization, we feel we have made solid progress. We believe that our new product provides a dramatic improvement over conventional ordering, payment, and loyalty experiences. Based on our experiences in using these new features and the early market feedback, we are confident that products with features such as these will become the dominant form of payment and customer loyalty and we are working hard to ensure *that Perk Hero is the leading company to deliver these features in the future.*

SUMMARY OF QUARTERLY REPORTS

| Quarter Ended | | Revenue | Net Income (Loss) | Income (Loss) Per Share |
|---------------|-------------------|------------|----------------------|----------------------------|
| Q3/2020 | August 31, 2020 | \$ 10,053 | \$ (744,352) | \$ (0.01) |
| Q2/2020 | May 31, 2020 | \$ 1,811 | \$ (1,219,520) | \$ (0.01) |
| Q1/2020 | February 29, 2020 | \$ 6,042 | \$ (1,217,508) | \$ (0.01) |
| Q4/2019 | November 30, 2019 | \$ 7,558 | \$ (2,316,783) | \$ (0.01) |
| Q3/2019 | August 31, 2019 | \$ 9,360 | \$ (3,679,339) | \$ (0.03) |
| Q2/2019 | May 31, 2019 | \$ 8,166 | \$ (6,862,146) | \$ (0.05) |
| Q1/2019 | February 28, 2019 | \$ 7,009 | \$ 4,779,284 | \$ 0.03 |
| Q4/2018 | November 30, 2018 | \$ 425,067 | \$ (526,520) | \$ (0.01) |

The Company has amended its consolidated financial statements as at and for the year ended November 30, 2018 to reflect the recognition of license revenue, adjustment to the carrying value of marketable

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securities that are held in escrow, and recorded an accrual of directors' fees; accordingly, the Company has reversed these items recognized in 2019. The adjustments have been reflected in the 2019 quarters reported above.

RESULTS OF OPERATIONS

Nine Months Ended August 31, 2020

The Company's comprehensive loss for the nine months ended August 31, 2020 was \$3,181,380 compared to a loss of \$5,762,200 for the nine months ended August 31, 2019.

During the nine months ended August 31, 2020, the Company had revenue of \$17,906 compared to \$24,535 for the comparative period. The decrease in revenue reflects the reduction of transaction revenues in restaurants due to COVID-19, offset by increases in product sales by the Company. For the nine months ended August 31, 2020, total cost of sales decreased to \$18,520 (August 31, 2019 - \$22,975) due to lower processing costs, offset by fulfilment costs related to product sales.

Depreciation and amortization decreased for the nine months ended August 31, 2020 to \$50,637 (August 31, 2019 - \$283,769). The Company was amortizing the cost of intangible assets held during 2019 with no intangible held as at August 31, 2020.

General and administration expenses decreased for the nine months ended August 31, 2020 to \$1,335,314 (August 31, 2019 - \$4,381,176) as a direct result of right-sizing the Company to respond to our business needs more efficiently with reduced head office expenses and improved accountability and visibility across teams. In this category, bank charges and interest decreased to \$9,395 (August 31, 2019 - \$14,340); consulting fees decreased to \$84,000 (August 31, 2019 - \$180,540); directors' fees increased to \$29,167 (August 31, 2019 - \$Nil) with no fees paid in the comparative period; the Fobisuite license fee decreased to \$Nil (August 31, 2019 - \$1,500,000); information technology increased to \$248,848 (August 31, 2019 - \$180,867) with the development of the *Perk Hero* app; insurance decreased slightly to \$7,796 (August 31, 2019 - \$8,323); investor relations expenses decreased to \$17,005 (August 31, 2019 - \$152,472) with the current management concentrating on developing the business model; legal, accounting, and auditing decreased to \$107,204 (August 31, 2019 - \$156,655); office decreased to \$27,705 (August 31, 2019 - \$207,624) due to reductions in office software licensing costs, telephone and tablet expenses and other costs associated with a lower headcount; rent decreased to \$64,245 (August 31, 2019 - \$394,736) by moving into a less expensive space and COVID-19 concessions coupled with the implementation of IFRS 16 which resulted in portions of the rent expense being allocated to depreciation and interest; travel decreased to \$48 (August 31, 2019 - \$10,229); transfer agent and filing fees increased to \$94,196 (August 31, 2019 - \$76,728) due to costs related to share issuances; and wages and benefits decreased to \$645,705 (August 31, 2019 - \$1,498,662). Current management continues to focus on reducing costs and concentrating on the core business of the Company.

Interest expenses increased to \$11,002 for the nine months ending August 31, 2020 (August 31, 2019 - \$Nil) due to the implementation of IFRS 16 which requires companies to recognize interest expenses on lease liabilities and depreciation expenses on right-of-use assets associated with their leases.

Sales and marketing expenses decreased for the nine months ended August 31, 2020 to \$495,414 (August 31, 2019 - \$1,150,688) as a result of tightening expenditures. Management eliminated marketing spending related to *Glance PayMe* and reduced sales and marketing spending related to *Glance Pay* on internet advertising, trade shows, and sales and marketing consultants and employees. These spending reductions were made in conjunction with a determination that changes needed to be made to the Company's product and brand strategy.

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Share-based compensation decreased for the nine months ended August 31, 2020 to \$185,198 (August 31, 2019 - \$444,542) with fewer stock options granted and vested during the current period offset by RSU expenses associated with RSU's issued pursuant to the RSU plan approved and finalized at the Company's Annual General Meeting held on June 10, 2020. At August 31, 2020, the Company had 17 (August 31, 2019 – 48) employees.

Other income and expense items produced net other expenses of \$1,103,219 for the nine months ended August 31, 2020 versus net other income of \$496,415 for the comparative period: foreign exchange loss of \$3,485 (August 31, 2019 - \$825); gain on sale of marketable securities of \$396,504 (August 31, 2019 – loss of \$142,064); government subsidies and grants of \$287,705 (August 31, 2019 - \$Nil) with the Canada Emergency Wage Subsidy received from the Government of Canada to assist businesses with decreased revenues as a result of COVID-19; interest income of \$8,344 (August 31, 2019 - \$41,490) reflecting the use of cash to sustain operations; other income of \$Nil (August 31, 2019 - \$4,231); and unrealized loss of marketable securities of \$1,792,287 (August 31, 2019 – a gain of \$593,583) as the private company investments became shares of publicly listed companies during the prior fiscal year with a reduction in fair value at August 31, 2020 as the market price of the marketable securities declined.

Three Months Ended August 31, 2020

The Company's comprehensive loss for the three months ended August 31, 2020 was \$744,352 compared to a loss of \$3,679,339 for the three months ended August 31, 2019.

During the three months ended August 31, 2020, the Company had revenue of \$10,053 compared to \$9,360 for the comparative period. The increase in revenue reflects the reduction of transaction revenues in restaurants related to COVID-19, offset by increased in product sales by the Company. For the three months ended August 31, 2020, total cost of sales increased to \$11,240 (August 31, 2019 - \$8,683) due to fulfilment costs related to product sales.

Depreciation and amortization decreased for the period ended August 31, 2020 to \$27,608 (August 31, 2019 - \$28,062). The Company was amortizing the cost of intangible assets held during 2019 with no intangible held as at August 31, 2020.

Interest expenses increased to \$11,002 for the three months ending August 31, 2020 (August 31, 2019 - \$Nil) due to the implementation of IFRS 16 which requires companies to recognize interest expenses on lease liabilities and depreciation expenses on right-of-use assets associated with their leases.

General and administration expenses decreased for the three months ended August 31, 2020 to \$321,026 (August 31, 2019 - \$662,164) as a direct result of right-sizing the Company to respond to our business needs more efficiently with reduced head office expenses and improved accountability and visibility across teams. In this category, bank charges and interest increased to \$2,391 (August 31, 2019 – \$719); consulting fees increased to \$28,000 (August 31, 2019 - \$25,000) with the addition of advisors to Perk Labs; director fees resulted in a gain of \$110,833 (August 31, 2019 - \$Nil) as a result of the settlement of fees outstanding to directors with RSU's that will be recognized over a three year vesting period; information technology increased to \$60,482 (August 31, 2019 – \$56,441) with the development of the *Perk Hero* app; insurance decreased to \$2,705 (August 31, 2019 – \$2,737); investor relations expenses decreased to \$2,637 (August 31, 2019 - \$32,059) with the current management concentrating on developing the business model; legal, accounting, and auditing increased to \$24,775 (August 31, 2019 - \$9,615) due to costs related to financings; office decreased to \$11,532 (August 31, 2019 - \$52,929) due to reductions in office software licensing costs, telephone and tablet expenses and other costs associated with a lower headcount; the Company recognized a gain on rent of \$12,506 (August 31, 2019 – expense of \$128,705) due to COVID-19 concessions and by moving into a less expensive space coupled with the implementation of IFRS 16 which

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resulted in portions of the rent expense being allocated to depreciation and interest; transfer agent and filing fees increased to \$34,563 (August 31, 2019 - \$23,244), and wages and benefits decreased to \$277,232 (August 31, 2019 - \$329,100). Current management has focused on reducing costs and concentrating on the core business of the Company.

Sales and marketing expenses decreased for the three months ended August 31, 2020 to \$168,353 (August 31, 2019 - \$329,952) as a result of tightening expenditures. Management eliminated marketing spending related to *Glance PayMe* and reduced sales and marketing spending related to *Glance Pay* on internet advertising, trade shows, and sales and marketing consultants and employees. These spending reductions were made in conjunction with a determination that changes needed to be made to the Company's product and brand strategy.

Share-based compensation decreased for the three months ended August 31, 2020 to \$42,242 (August 31, 2019 - \$96,439) with fewer stock options granted and vested during the current period offset by RSU expenses associated with RSU's issued pursuant to the RSU plan approved and finalized at the Company's Annual General Meeting held on June 10, 2020.

Other income and expense items produced net expenses of \$172,934 for the three months ended August 31, 2020 versus \$2,563,399 for the comparative period: foreign exchange loss of \$5,743 (August 31, 2019 - \$3,220); gain on sale of marketable securities of \$104,011 (August 31, 2019 – a loss of \$359,001); government subsidies and grants of \$203,543 (August 31, 2019 - \$Nil) with the Canada Emergency Wage Subsidy received from the Government of Canada to assist businesses with decreased revenues as a result of COVID-19; interest income of \$746 (August 31, 2019 - \$9,129) reflecting the use of cash to sustain operations; other income of \$Nil (August 31, 2019 - \$150); and unrealized loss of marketable securities of \$475,491 (August 31, 2019 – \$2,210,457) as the private company investments became shares of publicly listed companies during the prior fiscal year with a reduction in fair value at August 31, 2020 as the market price of the marketable securities declined.

NON-IFRS EARNINGS MEASURE

Effective for the quarter ending August 31, 2020 and subsequent quarters, the Company will report "Adjusted EBITDAaL (EBITDA after Leases)" instead of "Adjusted EBITDA". We believe that the disclosure of this metric allows investors to evaluate the operational and financial performance of the Company's ongoing business, using the same evaluation that Management uses, and is therefore a useful indicator of the Company's performance or expected performance of recurring operations.

For the period ending August 31, 2020, the Company recognized a 3-year lease starting June 1, 2020. Under IFRS 16, the lease for the Company's office premises is capitalized with a right-of-use asset and a corresponding lease liability. The asset is straight-line depreciated while an interest expense is recognized with the lease liability using effective interest rate. Compared to prior periods, all things being equal, the Company will recognize a lower rent expense and higher depreciation and amortization expense under IFRS 16, but the net impact of adopting IFRS 16 on the lease is not expected to be material to our operating results.

To allow for more accurate comparisons to prior periods, the cash outflows, consisting of interest expenses and payments made on the lease liability are subtracted from EBITDA to calculate EBITDAaL. EBITDA is calculated as earnings before interest, income taxes, depreciation and amortization.

The Company's adjusted EBITDAaL is the EBITDAaL that is further adjusted to exclude asset impairment charges, share-based compensation, realized and unrealized gains and losses on assets, foreign exchange gains and losses and items of an unusual nature that do not reflect our ongoing operations. EBITDA,

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Adjusted EBITDA, EBITDAaL and Adjusted EBITDAaL do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies and should not be considered as an alternative to measures of performance prepared in accordance with IFRS.

| | August 31 2020 | August 31 2019 |
|--|---------------------------|-------------------|
| Net and comprehensive loss for the period | \$ (3,181,380) | \$ (5,762,200) |
| Add back | | |
| Depreciation and amortization | 50,637 | 283,769 |
| Interest | 11,002 | - |
| EBITDA from operations | (3,119,741) | (5,478,431) |
| Less cash expenditures for lease | (28,454) | - |
| EBITDAaL from operations | (3,148,195) | (5,478,431) |
| Non-recurring and non-cash items | | |
| Foreign exchange loss | 3,485 | 825 |
| Loss/(gain) on sale of marketable securities | (396,504) | (100,936) |
| Government subsidies and grants | (287,705) | - |
| COVID-19 concessions on lease | (29,993) | - |
| Share-based compensation | 185,198 | 444,542 |
| Unrealized (gain) loss on marketable securities | 1,792,287 | (350,583) |
| Adjusted EBITDAaL | \$ (1,881,427) | \$ (5,484,583) |

LIQUIDITY

Assets

Total assets decreased by 56% from \$4,730,632 at November 30, 2019 to \$2,074,714 at August 31, 2020.

Cash at August 31, 2020 of \$930,464 (November 30, 2019 - \$1,918,626) comprises 45% (November 30, 2019 - 41%) of total assets.

Marketable securities have been split into current and non-current. Pursuant to a Restricted Share Sale Agreement dated November 2, 2018, the Company agreed not to sell more than 20,000 BPS shares in a single trading day upon BPS listing on a Canadian stock exchange, which occurred on December 14, 2018. The fair value of the Company's investment in BPS totals \$605,197 (November 30, 2019 - \$2,444,483). This decrease in fair value reflects the decrease in share price of BPS's publicly traded securities.

The amounts receivables increased 368% to \$97,589 (November 30, 2019 - \$20,839) at August 31, 2020 relating to the GST receivable from the Canada Revenue Agency and payments from the Canada

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Emergency Wage Subsidy (CEWS). Customer receivables are \$779 (November 30, 2019 - \$2,306). The GST receivable of \$37,205 (November 30, 2019 - \$18,117) is due from the Canada Revenue Agency. There are other amounts receivable of \$59,605 (November 30, 2019 - \$416) of which \$54,563 is related to CEWS.

The prepaid expenses and deposits increased 28% to \$82,212 (November 30, 2019 - \$64,245). Included in prepaid expenses is \$49,697 (November 30, 2019 - \$26,529) which represents the deposit on the office lease commenced June 1, 2020 and \$32,515 (November 30, 2019 - \$37,716) for other prepayments.

Liabilities

Total liabilities increased by 73% from \$367,730 at November 30, 2019 to \$637,202 at August 31, 2020. The increase reflects the adoption of IFRS 16 which resulted in a lease liability of \$238,920 at August 31, 2020 (November 30, 2019 - \$Nil).

The accounts payable and accrued liabilities comprise 63% of the total liabilities. Accounts payable are \$291,837 (November 30, 2019 - \$84,773). Accrued liabilities are \$40,833 (November 30, 2019 - \$151,519). Accrued payroll liabilities are \$61,611 (November 30, 2019 - \$39,969). There are payments due to officers, directors and other related parties of \$4,000 (November 30, 2019 - \$91,469) for various consulting, management, and director fees,

At August 31, 2020, the Company's working capital was \$1,135,763 (November 30, 2019 - \$3,346,510). The decrease in working capital reflects ongoing operations coupled with slow revenue growth.

OPERATING LEASE COMMITMENTS

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

| Year Ended | Amount |
|---|-------------------|
| 2020 | \$ 9,491 |
| 2021 | 115,206 |
| 2022 | 117,978 |
| 2023 | 59,682 |
| Total remaining contractual cash flows | 302,357 |
| Less: interest | (63,437) |
| Lease liabilities, August 31, 2020 | \$ 238,920 |

PROPOSED TRANSACTIONS

There are no proposed asset or business acquisitions or dispositions, other than those in the ordinary course of business as disclosed herein, before the Board of Directors for consideration.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to

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have, an effect on the results of operations or financial condition of the Company.

RELATED PARTY TRANSACTIONS

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

| | August 31 | August 31 |
|--------------------------|-------------------|---------------------|
| | 2020 | 2019 |
| Directors' fees | \$ 29,167 | \$ - |
| Remuneration and fees | 341,727 | 818,211 |
| Share-based compensation | 101,685 | 227,819 |
| | \$ 472,579 | \$ 1,046,030 |

At August 31, 2020, the Company owed \$4,000 (November 30, 2019 - \$91,469) to officers and directors 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.

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

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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, 2019 \$ |
| Marketable securities | 405,527 | 199,670 | – | 605,197 |
| Investment | – | – | 102,000 | 102,000 |
| | 405,527 | 199,670 | 102,000 | 707,197 |

The fair values of other financial instruments, including cash, amounts receivable, investment in joint venture, accounts payable and accrued liabilities, and lease liabilities approximate their fair values due the short-term nature of the financial instrument.

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.

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 is not exposed to cash flow interest rate risk on cash balances as the rate of interest is currently very low.

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.

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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, 2020, financial instruments were converted at a rate of \$1 US dollar to \$1.3042 (November 30, 2019 – \$1.3289) 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.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. For amounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counter parties. At August 31, 2020 and November 30, 2019, most of its accounts receivable were current.

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

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 on hand at August 31, 2020 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.

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.

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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.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are 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 revenue recognition, the collectability of amounts receivable, the useful lives and carrying values of property and equipment and intangible assets, the carrying value of marketable securities and investments, the measurement of share-based compensation, and unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have significant effect on the consolidated financial statements include the factors that are used in determining the fair value of privately held investments, the fair value of share-based compensation, the discount rates applied on marketable securities held in escrow, 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 year end of the reporting period.

ADOPTION OF NEW STANDARD – IFRS 16, LEASES

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16") and brings most leases onto the statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease or an entity's incremental borrowing rate if the implicit rate cannot be readily determined. Lessees are permitted to make an election for leases with a term of 12 months or less, or where the underlying asset is of low value, and not recognize lease assets and lease liabilities. The expense associated with these leases can be recognized on a straight-line basis over the lease term or on another systematic basis.

The Company implemented IFRS 16 for the year beginning December 1, 2019. The Company used the election for short-term leases for its existing office premises lease which had a nine-month term at inception. There was no impact on the condensed consolidated interim statement of financial position at the date of initial application.

On June 1, 2020, the Company commenced a three-year lease for its office premises. Right-of-use assets recognized as a result of IFRS 16 are included in property and equipment in the consolidated statement of financial position and in Note 8. The current and non-current portion of lease liabilities are presented separately in the consolidated statement of financial position and in Note 21 of the condensed consolidated interim financial statements of the Company for the period ended August 31, 2020.

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Right-of-use assets are subsequently amortized over the remaining term of the lease, which is approximately 3 years. Lease liabilities are subsequently reduced by lease payments net of interest expense calculated using the effective interest method.

Amendments to IFRS 16: COVID-19 Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequent of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The amendments are effective for periods beginning on or after June 1, 2020 with earlier application permitted.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

For the period ending August 31, 2020, the Company was approved under the Canada Emergency Commercial Rent Assistance (CECRA) program which provides commercial rent assistance for small businesses. The Company has applied the practical expedient to this rent concession on its only lease.

The net impact of the concession recognized in the Condensed Consolidated Interim Statements of Operations and Comprehensive Income arising from this practical expedient is a credit of \$29,993 against rent expenses.

CAPITAL RESOURCES

Common Shares

| | Issued Number |
|----------------------------------|--------------------------|
| Balance, November 30, 2019 | 136,817,783 |
| Shares issued for cash | 7,467,845 |
| Shares issued for debt | 1,468,867 |
| Stock options exercised | 107,500 |
| RSUs vested | 263,500 |
| Balance, October 23, 2020 | 146,125,495 |

Warrants

| | Number of Warrants | Weighted Average Exercise Price |
|----------------------------------|-------------------------------|--|
| Balance, November 30, 2019 | 7,497 | \$ 0.33 |
| Expired | (7,497) | \$ 0.33 |
| Issued | 3,836,845 | \$ 0.08 |
| Balance, October 23, 2020 | 3,836,845 | \$ 0.08 |

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Stock Options

| | Number of Options | Weighted Average Exercise Price |
|----------------------------------|----------------------|------------------------------------|
| Balance, November 30, 2019 | 8,528,500 | \$ 0.23 |
| Granted | 550,000 | \$ 0.11 |
| Forfeited | (401,250) | \$ 0.17 |
| Expired | (1,000,000) | \$ 0.39 |
| Exercised | (107,500) | \$ 0.15 |
| Balance, October 23, 2020 | 7,569,750 | \$ 0.20 |

Restricted Share Units

| | Number of Units | Weighted average issue price |
|----------------------------------|--------------------|---------------------------------|
| Balance, November 30, 2019 | 1,076,000 | \$ 0.100 |
| Granted | 5,271,847 | \$ 0.077 |
| Vested, issued and released | (263,500) | \$ 0.100 |
| Balance, October 23, 2020 | 6,084,347 | \$ 0.080 |

OFFICERS AND DIRECTORS

| | |
|-----------------|--|
| Jonathan Hoyles | President, Chief Executive Officer, Director |
| Kirk Herrington | Independent Director |
| James Topham | Independent Director |
| Steve Cadigan | Independent Director |
| Larry Timlick | Independent Director |
| Norman Tan | Chief Financial Officer |
| Gary Zhang | Chief Technology Officer |
| Daniel Zou | Chief Operating Officer |

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.