

**PERK LABS INC.**

**Management's Discussion and Analysis**

**For the Years Ended November 30, 2022 and 2021**

**(Expressed in Canadian Dollars)**

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## PERK LABS INC.

### Management's Discussion and Analysis (Expressed in Canadian Dollars)

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For the Years Ended November 30, 2022 and 2021

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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 *Perk Hero* application and website
- 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 addition of Perk Hero's digital dine-in will give the Company the ability to quickly grow across North America while providing a powerful and affordable franchise opportunity to eager entrepreneurs post-pandemic
- 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 and 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.
- related to the closing of the transaction of Getit Technologies Inc. ("Getit"), the conditions to completing the transaction, timing, receipt of regulatory and exchange approvals, and other matters. and
- statements regarding payment of the break fee in the event the transaction with Getit is not completed

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 February 17, 2023 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,

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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 franchisees, clients and licensees for its software
- the Company will be able to expand its operations successfully in new geographic markets and industries

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 application and website
- 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 and a potential recession on our business plans, objectives and expected operating results
- the Company's ability to continue operations if the transaction with Getit is not completed,,
- the Company's ability to obtain regulatory and exchange approvals in connection with the transaction with Getit

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

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combinations or other transactions that may be announced or that may occur after February 17, 2023. 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 year ended November 30, 2022 should be read in conjunction with the audited consolidated financial statements for the years ended November 30, 2022 and 2021, which are prepared in accordance with International Financial Reporting Standards ("IFRS").

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).

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

The Company's office is located at Suite 1755, 555 Burrard Street, Vancouver, British Columbia, V7X 1M9. 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 February 17, 2023. 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](http://www.sedar.com).

#### **GLOBAL FACTORS**

The outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, 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 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 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 in 2023. These negative economic factors in the market could further impact operations and the ability to obtain funding to support growth.

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Even after the COVID-19 pandemic has subsided and due to the uncertainty in the events over the war in Ukraine and the 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.

#### 2022 OVERVIEW

The Company continued to evolve its Perk Hero platform throughout 2022 in response to challenging conditions due to COVID-19's impact on restaurants, supply chains and the labor market; as well as the economic downturn due to the war in Ukraine and high inflation. Recognizing that there was demand for people to run their own businesses, Perk Hero developed an innovative digital franchise model that allows people to start businesses without the capital requirements of a traditional brick and mortar franchise.

For the upcoming year, the Company intends to expand its franchise program across Canada and the United States and significantly expand its restaurant install base. In addition to continued product improvements, the Company intends to implement a rewards zone where users of its platform will be able to obtain unique rewards including products, experiences and digital goods.

#### 2022 OPERATIONAL HIGHLIGHTS

- **New Merchant App:** Perk Hero announced the launch of its new downloadable merchant app on the Google Play Store. To the Company's knowledge, none of its competitors specializing in in-restaurant digital ordering and payment have a downloadable merchant app available in the Google Play store. Major tech companies in the delivery space like UberEats, DoorDash, SkipTheDishes, and Grab all have downloadable merchant apps that are a key part of their product strategy and ability to scale. Previously Perk Hero's merchant app was part of its consumer app. By separating Perk's merchant and consumer apps, the Company is able to reduce the size, speed up the performance, and improve the reliability of both consumer and merchant apps. A further advantage of a dedicated downloadable merchant app is that it enables Perk to upgrade its merchant app at any time without disturbing end-user customers.
- **Order Now, Pay Later:** With this new feature, restaurants have the option of setting up Order-from-Table™ as either requiring their customer to pay upon placing an order or the customer can pay (and tip) at the end of the meal – which consumers are more accustomed to as part of the dining experience. With this new feature, we can also accommodate restaurants that only want to Order-from-Table™ but want to settle their customer's bill in cash. We see this as a great way to onboard restaurants that are either not ready to go fully digital with mobile payments or are sensitive to credit card payment processing fees.
- **Website embedding feature:** Perk developed an online ordering feature for pickup and delivery that merchants can embed directly into their own websites. This feature enables Perk to offer an in-demand entry-level feature to restaurants that enables future upselling on more advanced features.

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- **Entered into Share Transfer Agreement:** On June 28, 2022, the Company's subsidiary Perk Hero Software Inc. entered into share transfer agreement for the sale of 2,539,000 shares of Hero Innovation Group Inc. (formerly, Euro Asia Pay Holdings Inc., hereafter referred to as "HRO") at \$0.08 per share, for total proceeds of \$203,120. On August 15, 2022 the company also entered into a share purchase agreement to sell its remaining balance of 5,100,000 escrow common shares at \$0.08 per share, for total proceeds of \$408,000. subject to an escrow agreement, to be released in tranches of 1,275,000 shares every nine months.
- **ATM raise:** For the fiscal year 2022, the Company issued 6,998,000 common shares through its at-the-market program at an average price of \$0.029 for gross proceeds of \$199,787. Commissions paid were \$5,994 for net proceeds of \$193,793.
- **End of At-the-Market Equity Program:** Through the ATM program, the Company raised a total of gross proceeds of \$3,241,596, since announcing the program on July 29, 2020. In July 2022 the Company announced that it had ended its at-the-market equity program.
- **POS integration - Deliverect Certification:** On August 4, 2022 the Company received certification from Deliverect for Point-of-Sale ("POS") integration. Deliverect supports hundreds of different POS systems, including over 30 different POS systems in the Canadian market, such as Square, Clover, TouchBistro, Lightspeed, Micros, and many more. POS integration is a mandatory requirement to support enterprise customers, and with this integration, we are well positioned to demonstrate our value to larger restaurant chains.
- **New Reservation feature:** On August 25, 2022 the Company announced a new vertical for its custom branded app with the signing of iBEAUTI Skincare, and that it will be expanding its product offering by adding a new reservation feature. The Company will be able to support many new verticals with the custom app offering, including salons, health and wellness, fitness and studios.

#### HIGHLIGHTS SUBSEQUENT TO NOVEMBER 30, 2022

- **Non-Brokered Private Placement:** On December 13, 2022, the Company announced a non-brokered private placement offering of debentures units at a price of \$10,000 per Debenture Unit. Each Debenture Unit will consist of: (i) a 15% unsecured convertible debenture of the Company ("Debenture") in the principal amount of \$10,000; and (ii) 200,000 common share purchase warrants ("Warrant").
- **Binding Letter of Intent with GetIt Technologies:** On January 4, 2023, the Company announced a binding letter of intent ("LOI") to combine with GetIt Technologies Inc ("GetIt"). The terms of the binding LOI are as follow:
  - The Company will acquire 100% of the outstanding shares of Getit in exchange for a number of shares of Perk equal to 90% of the issued and outstanding shares of the Company
  - Perk will change its name and rebrand as "Getit Local";
  - Ryan Hardy, the CEO of Getit, will be appointed as CEO and Jonathan Hoyles will remain

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- with the Company as inhouse legal counsel;
  - on closing of the Transaction, two members of Perk's board of directors will be stepping down and two new directors will be appointed representing Getit;
  - a "break fee" will be payable by the terminating party if either party terminates the LOI without cause or for convenience prior to the completion of the Transaction
- **Appointment of New Board Member:** On January 4, 2023, the Company announced the appointment of Patrick Power to its Board of Directors. Mr. Power is the Chairman and President of James Edward Capital Corporation, an Ottawa-based boutique investment bank focused on emerging growth companies, and is advising the Company on its strategic options.
  - **CFO Transition:** On January 20, 2023, the Company announced that Andrew Bailes will succeed Vanessa Altamirano as Interim CFO of the Company, effective February 17, 2023.

#### COMPANY OVERVIEW

The Company's principal business is operating an online ordering, payments and loyalty platform. The Company offers merchants three main products: online ordering, digital dine-in and custom branded apps and distributes its products through a unique digital franchise business model. The Software as a Service ("SaaS") platform offered by the Company is called Perk Hero which features mobile and online ordering and payment with digital rewards on purchases.

Merchants use the platform to provide a more engaging and convenient customer experience. By using the *Perk Hero* platform, merchants are able to more efficiently provide digital rewards and payments to their customers while allowing their staff to focus on the customer experience.

The *Perk Hero* platform is built on a new and advanced technology stack using offerings from leading companies like Amazon, Microsoft and Stripe and was officially launched on April 2, 2020. It also includes many new advanced features such as:

- Apple Pay/Google Pay integration
- Mobile pre-order
- Merchant downloadable app
- Merchant portal with analytics and dashboard

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.

We believe that our continued efforts into improving the mobile ordering experience will help businesses increase revenues which will ultimately result in revenues for our franchisees and the Company.

#### **Cost and Controls**

During the year ended November 30, 2022, management continued to optimize its use of cash resources. The Company prioritized research and development related to the *Perk Hero* platform while reducing

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expenditures in other areas. We will continue to review and prioritize expenditures in order to drive the growth of Perk Hero and maintain a lean and sustainable cost structure.

With much of the heavy R&D work now completed to get our platform robust and scalable and building upon our early successes in signing new customers, we are now moving to a "sales-first organization". As part of our growth plan, we are also developing partnerships with several distribution channel partners

#### **Assets**

The Company has raised funds by liquidating its shareholding in Hero Innovation Group Inc. ("HRO"; formerly, Euro Asia Pay Holdings Inc. "EAP")

#### **Summary**

The Company operates Perk Hero, an online ordering, payments, and loyalty platform. It offers merchants online ordering, digital dine-in, and custom branded apps through a digital franchise model. Perk Hero features mobile and online ordering, payment, and digital rewards using technology from leading companies like Amazon, Microsoft, and Stripe. The platform includes features such as Apple Pay/Google Pay integration, mobile pre-order, a merchant portal and point-of-sale integration via Deliverect. The platform helps merchants provide a convenient customer experience while focusing on customer service.

The Company's strategic priorities for 2023 include:

- A successful merger and integration with Getit Technologies Inc.
- Continued improvement of the Perk Hero platform.
- Developing further integrations with leading restaurant point-of-sales systems.
- Grow the number of end-user customers and, businesses using our platform.
- Grow our licensing and transactional revenue.
- Invest in sales, marketing, and communication strategies to drive growth.

As well, we are always looking at new opportunities to expand our operations such as partnership, joint ventures, and acquisition opportunities.

#### **SELECTED ANNUAL INFORMATION**

The following table provides selected annual audited financial information that should be read in conjunction with the audited consolidated financial statements and notes:

	November 30 2022	November 30 2021	November 30 2020
	\$	\$	\$
Revenue	\$ 31,587	28,947	63,896
Depreciation and amortization	\$ 95,141	97,052	76,397
General and administrative expenses	\$ 1,176,414	1,169,643	1,181,457
Research and development expenses	\$ 675,448	920,927	725,915
Sales and marketing expenses	\$ 385,854	577,495	676,833

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Share-based compensation	\$	242,042	442,345	563,690
Other income (expenses)	\$	(812,877)	1,718,642	(1,262,716)
Net loss for the year	\$	(3,378,469)	(1,487,312)	(4,490,939)
Total assets	\$	477,842	3,184,524	1,636,989
Total liabilities	\$	249,668	458,776	580,151
Total shareholders' equity	\$	228,174	2,725,748	1,056,838

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#### SUMMARY OF QUARTERLY REPORTS

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	Quarter Ended	Revenue	Net Income (Loss)	Income (Loss) Per Share
Q4/2022	November 30, 2022	\$ 11,182	\$ (560,230)	\$ (0.00)
Q3/2022	August 31, 2022	\$ 5,402	\$ (890,671)	\$ (0.00)
Q2/2022	May 31, 2022	\$ 6,021	\$ (1,521,848)	\$ (0.01)
Q1/2022	February 28, 2022	\$ 8,982	\$ (405,720)	\$ (0.00)
Q4/2021	November 30, 2021	\$ 6,042	\$ (648,296)	\$ (0.00)
Q3/2021	August 31, 2021	\$ 6,447	\$ (1,080,350)	\$ (0.01)
Q2/2021	May 31, 2021	\$ 1,085	\$ (1,348,456)	\$ (0.01)
Q1/2021	February 28, 2021	\$ 15,373	\$ 1,589,790	\$ 0.01

#### RESULTS OF OPERATIONS

##### Year Ended November 30, 2022

The Company's net and comprehensive loss for the year ended November 30, 2022 was \$3,378,469 compared to a loss of \$1,487,312 for the year ended November 30, 2021.

During the year ended November 30, 2022, the Company had revenue of \$31,587 compared to \$28,947 for the comparative period.

For the year ended November 30, 2022, total cost of sales decreased to \$22,280 (2021 - \$27,439) which reflects a shift towards higher margin revenues. This resulted in a gross margin of \$9,307 for the year ended November 30, 2022 compared to a gross margin of \$1,508 in the previous period. Management expects that gross margins will increase as the Company continues to shift its revenue mix towards higher margin franchising and SaaS revenue.

Depreciation remained constant for the year ended November 30, 2022 to \$95,141 (2021 - \$97,052). This is consistent, as there have not been new additions to the property, plant or equipment.

General and administration expenses increased for the year ended November 30, 2022 at \$1,176,414 (2021 - \$1,169,643). In this category, bank charges and interest increased to \$57,945 (2021 - \$20,862) which reflects higher fees associated with the Company's digital gift card and bad debt expense; consulting fees increased to \$1,825 (2021 - \$700) as the Company increased its reliance on third-party consultants; director's fees decreased to \$48,333 (2021 - \$140,000) as non-cash RSUs have been granted to directors;

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insurance remained flat to \$13,617 (2021 – \$13,811); investor relations expenses increased to \$262,068 (2021 - \$46,510) due to launch of market awareness campaign with several leading firms; legal, accounting, and auditing decreased to \$105,674 (2021 - \$183,714) due to the decreased legal costs associated with at-the-market offering; office decreased to \$39,184 (2021 - \$52,131) mainly due to termination of suppliers contracts; rent increased to \$74,965 (2021 - \$68,995); travel increased to \$2,850 (2021 - \$231); transfer agent and filing fees decreased to \$94,149 (2021 - \$102,168) due to lower costs related to share issuances; and wages and benefits decreased to \$475,804 (2021 - \$540,521) due to cost realignment measures.

Research and development expenses decreased for the year ended November 30, 2022 to \$675,448 compared to \$920,927 in the prior year as the Company invested in its technology. Consulting fees decreased to \$226,495 for the year ended November 30, 2022 (2021 - \$382,602) due to some temporary reduction in compensation, and in 2021 there were investment initiatives with the Jonah Group for blockchain and Fintory for UI design. Information technology costs remained constant at \$81,355 (2021 - \$80,798). Wages and benefits decreased to \$367,598 (2021 - \$457,527) as a result of reducing headcount.

Sales and marketing expenses decreased for the year ended November 30, 2022 to \$385,854 (2021 - \$577,495) as the Company decreased expenditures for the promotion of the *Perk Hero* app to end users, instead focusing on businesses; as well as, reducing headcount in sales and marketing.

Share-based compensation decreased for the year ended November 30, 2022 to \$242,042 (2021 - \$442,345) with fewer stock options granted and vested during the current period and RSU expense recovery of \$120,235 during the year 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 other expenses of \$812,877 for the year ended November 30, 2022 versus net other income of \$1,718,642 for the comparative period: gain on sale of marketable securities of \$192,763 (2021 – \$258,054) reflecting lower prices and lower volumes for sales of common shares of Better Plant Sciences (subject to a trading halt since February 16, 2022) and Euro Asia Pay; gain on sale of property and equipment of \$27,917 (2021 - \$Nil); government subsidies and grants of \$25,275 (2021 - \$322,617 with hiring grants from the Innovate BC ISI grant and the Digital Skills for Youth grants; interest income of \$4,396 (2021 - \$4,876) reflecting the use of cash to sustain operations; interest expense of \$18,278 (2021 - \$32,820) due to reduction on the lease liability balance (IFRS 16 which requires companies to recognize interest expenses on lease liabilities and depreciation expenses on right-of-use assets associated with their lease); and unrealized loss of marketable securities of \$1,044,771 (2021 – gain of \$1,171,902) primarily driven by valuation changes during the nine months and the disposal of shares of Hero Innovation Group Inc. (formerly Euro Asia Pay Holdings Inc.)

At November 30, 2022, the Company had 9 (2021 – 15) employees and 3 (2021 – 2) contractors.

#### Three Months Ended November 30, 2022

The Company's comprehensive loss for the three months ended November 30, 2022 was \$560,230 compared to a loss of \$648,296 for the three months ended November 30, 2021.

During the three months ended November 30, 2022, the Company had revenue of \$11,182 compared to \$6,042 for the comparative period. For the three months ended November 30, 2022, total cost of sales increased to \$8,899 (2021 - \$3,112).

Depreciation remained constant for the period ended November 30, 2022 to \$23,742 (2021 - \$23,828) as there have not been new additions to the property, plant or equipment.

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General and administration expenses decreased for the three months ended November 30, 2022 to \$236,406 (2021 - \$292,127) as the Company has reduced costs related to directors' fees as non-cash RSUs have been granted; legal fees, due to the decreased costs associated with the at the market program, and reduction in wages paid due to reduction in headcount; offset by increment in investors relations due to market awareness campaign.

Research and development expenses decreased for the three months ended November 30, 2022 to \$137,434 (2021 - \$343,784) as in 2021 the company invested in contracts with the Jonah Group and Fintory; as well as, a reduction in headcount in comparison to the prior year.

Sales and marketing expenses decreased for the three months ended November 30, 2022 to \$76,204 (2021 - \$115,811) as reduced expenditures to focus on Research and Development.

Share-based compensation increased for the three months ended November 30, 2022 to \$99,911 (2021 - \$36,203) primarily due to higher RSUs granted to directors instead of cash based compensation.

Other income and expense items produced net income of \$6,042 for the three months ended November 30, 2022 versus a net income of \$160,531 for the comparative period: gain on sale of marketable securities of \$Nil (2021 – \$76,644); government subsidies and grants of \$Nil (2021 - \$25,906) related to hiring grants from the Innovate BC ISI grant and the Digital Skills for Youth grant; interest income of \$2,251 (2021 - \$1,702) reflecting the use of cash to sustain operations; and unrealized loss of marketable securities of \$1,443 (2021 – gain of \$64,742) due to the reduction on the valuation of the warrants from Better Plant Science.

#### NON-IFRS EARNINGS MEASURE

Effective for the quarter ending August 31, 2020 and subsequent quarters, the Company reports "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 November 30, 2022, 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.

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 defines adjusted EBITDAaL as EBITDAaL excluding gains or losses on foreign exchange, gains or losses on the sale of marketable securities, government subsidies and grants, COVID-19 related concessions, share-based compensation, and gains or losses on marketable securities held.

EBITDA, 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.

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	<b>November 30 2022</b>	November 30 2021
<b>Net and comprehensive loss for the year</b>	<b>\$ (3,378,469)</b>	\$ (1,487,312)
Depreciation	<b>95,141</b>	97,052
Interest expense, net	<b>13,882</b>	27,944
<b>EBITDA from operations</b>	<b>(3,269,446)</b>	(1,362,316)
Cash expenditures for lease	(117,980)	(109,475)
<b>EBITDAaL from operations</b>	<b>(3,387,426)</b>	(1,471,791)
Foreign exchange loss	<b>5,379</b>	6,008
Gain on sale of property	<b>(27,917)</b>	-
Gain on sale of marketable securities	<b>(192,763)</b>	(258,054)
Government subsidies and grants	<b>(25,275)</b>	(322,617)
Share-based compensation	<b>242,042</b>	442,345
Other Income	<b>(53)</b>	(22)
Unrealized loss on marketable securities	<b>1,044,771</b>	(1,171,902)
<b>Adjusted EBITDAaL</b>	<b>\$ (2,341,242)</b>	\$ (2,776,033)

**LIQUIDITY****Assets**

Total assets decreased by 85% from \$3,184,524 at November 30, 2021 to \$477,842 at November 30, 2022.

Cash at November 30, 2022 of \$315,117 (2021 - \$1,287,468) comprises 66% (2021 – 40%) of total assets.

The marketable securities decreased 99% to \$11,041 (2021 - \$1,639,822) primarily due to the sale of all HRO shares for total proceeds of \$761,418.

The amounts receivable decreased 66% to \$9,977 (November 30, 2021 - \$29,579) at November 30, 2022 consisting primarily of GST receivable from the Canada Revenue Agency. The GST receivable of \$8,509 (November 30, 2021 - \$18,738) is due from the Canada Revenue Agency.

The prepaid expenses and deposits increased 20% to \$99,875 (2021 - \$83,360). Included in prepaid expenses is \$49,697 (November 30, 2021 - \$49,697) which represents the deposit on the office lease and \$50,178 (November 30, 2021 - \$33,664) for other prepayments which consist of payments for annual expenses that are recognized over the course of the year such as insurance and exchange fees.

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## PERK LABS INC.

### Management's Discussion and Analysis (Expressed in Canadian Dollars)

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#### For the Years Ended November 30, 2022 and 2021

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#### Liabilities

Total liabilities decreased by 46% from \$458,776 at November 30, 2021 to \$249,668 at November 30, 2022. The decrease reflects the reduction in the Company's lease liability coupled with a reduction in accounts payable and accrued liabilities due to lower spending.

The accounts payable and accrued liabilities comprise 76% (2021 – 66%) of the total liabilities. Accounts payable are \$190,133 (November 30, 2021 - \$302,110). Accrued payroll liabilities are \$20,639 (November 30, 2021 - \$40,965). There are payments due to officers, directors and other related parties of \$8,800 (November 30, 2021 - \$31,333) for various consulting, management, and director fees.

Total deferred revenue was \$2,571 as of November 30, 2022 (November 30, 2021 - \$Nil) this encompasses merchant contracts for Custom Branded App and franchisees, which will be recognized as the performance obligation is fulfilled.

At November 30, 2022, the Company's working capital was \$187,861 (November 30, 2021 - \$1,995,497). The decrease in working capital reflects the use of cash for Company operations and a decline in capital raised as the Company's ATM offering was finalized.

#### 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
2021	\$ –
2022	–
2023	<b>59,684</b>
<b>Total remaining contractual cash flows</b>	59,684
Less: interest	(2,720)
<b>Lease liabilities, November 30, 2022</b>	<b>\$ 56,964</b>

#### PROPOSED TRANSACTIONS

On January 4, 2023, the Company announced that it signed a binding Letter of Intent to merge with Getit Technologies Inc., with a view to completing the Transaction on or before February 28, 2023.

#### OFF-BALANCE SHEET ARRANGEMENTS

On January 4, 2023, the Company announced that it signed a binding Letter of Intent to merge with Getit Technologies Inc., with a view to completing the Transaction on or before February 28, 2023.

#### RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning,

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## PERK LABS INC.

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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>November 30 2022</b>	November 30 2021
Directors' fees	\$ 48,333	\$ 140,000
Remuneration and fees	473,207	649,508
Share based compensation	226,464	345,952
	<b>\$ 748,004</b>	<b>\$ 1,135,460</b>

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

At November 30, 2022, the Company owed \$8,800 (November 30, 2021 - \$20,974) to the Company's Chief Technology Officer which is included in accounts payable and accrued liabilities.

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

#### 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.

#### GOING CONCERN

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt or other financing and the achievement of profitable operations. There can be no assurances that the Company will be successful in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

To date, the Company has not generated positive cash flows from operations. For the year ended November 30, 2022, the Company incurred a net loss from operations of \$3,378,469 (2021 – \$1,487,312)

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and as at November 30, 2022 the Company had an accumulated deficit of \$42,896,148 (2021 - \$39,517,679) and working capital of \$187,861 (2021 - \$1,995,497). These conditions give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

#### 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.

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) \$	Total \$
Marketable securities	11,038	3	-	11,041

The fair values of other financial instruments, including cash, 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

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#### **For the Years Ended November 30, 2022 and 2021**

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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.

#### **Foreign currency risk**

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

The Company is exposed to foreign currency risk with respect to its US denominated bank account. At November 30, 2022, financial instruments were converted at a rate of \$1.3508 per US dollar (2021 - \$1.2792 per US dollar). A 10% change in foreign exchange rates is not expected to have a material impact on the Company's consolidated financial statements.

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

#### **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 November 30, 2022 and 2021, all amounts 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 November 30, 2022 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational and expansion needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof. On July 29, 2020, the Company announced an at-the-market equity program that allows the Company to issue and sell up to \$2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion.

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## **PERK LABS INC.**

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#### **For the Years Ended November 30, 2022 and 2021**

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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.

#### **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.

#### **Price risk**

The Company is exposed to price risk with respect to its marketable securities. The Company's marketable securities consist of common shares and share purchase warrants held in publicly-traded companies and profitability depends upon the market price of the common shares in the public market. The market price for common shares of publicly-traded companies can fluctuate significantly, and there is no assurance that the future market price will not decrease significantly.

#### **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.

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## PERK LABS INC.

### Management's Discussion and Analysis (Expressed in Canadian Dollars)

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#### For the Years Ended November 30, 2022 and 2021

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#### Recent Accounting Pronouncements

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

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

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

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

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

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

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

#### CAPITAL RESOURCES

##### Common Shares

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	<b>Issued Number</b>
Balance, November 30, 2021	182,313,919
Shares issued for cash	14,670,138
Shares issued for services	7,515,074
RSUs vested	2,391,033
<b>Balance, February 17, 2023</b>	<b>206,890,164</b>

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##### Warrants

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	<b>Number of warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, November 30, 2021	3,149,672	\$ 0.08
Granted	7,672,138	\$ 0.05
Expired	(3,149,672)	\$ 0.08
<b>Balance, February 17, 2023</b>	<b>7,672,138</b>	<b>\$ 0.05</b>

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**For the Years Ended November 30, 2022 and 2021**

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**Stock Options**

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance, November 30, 2021	7,902,500	\$ 0.19
Granted	1,500,000	\$ 0.06
Forfeited	(2,685,000)	\$ 0.15
Expired	(1,947,500)	\$ 0.09
Exercised	-	\$ -
<b>Balance, February 17, 2023</b>	<b>4,770,000</b>	<b>\$ 0.20</b>

**Restricted Share Units**

	<b>Number of Units</b>	<b>Weighted Average Issue Price</b>
Balance, November 30, 2021	8,755,068	\$ 0.09
Granted	15,811,953	\$ 0.04
Vested and issued	(2,391,033)	\$ 0.03
Forfeited	(1,947,130)	\$ 0.07
<b>Balance, February 17, 2023</b>	<b>20,228,858</b>	<b>\$ 0.04</b>

**OFFICERS AND DIRECTORS**

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Jonathan Hoyles	President, Chief Executive Officer, Director
Kirk Herrington	Independent Director
James Topham	Independent Director
Steve Cadigan	Independent Director
Larry Timlick	Independent Director
Patrick Power	Independent Director (appointed January 4, 2023)
Vanessa Altamirano	Interim Chief Financial Officer
Gary Zhang	Chief Technology Officer

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**ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).