



**PERK LABS INC.**

**Condensed Consolidated Interim Financial Statements**

**For the Three and Six Months Ended May 31, 2023 and 2022**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

*Under National Instrument 51-102 continuous disclosure obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established for a review of interim financial statements by an entity's auditor. The accompanying unaudited condensed consolidated interim financial statements of the Corporation have been prepared by and are the responsibility of the Perk Labs Inc. Management team.*

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**PERK LABS INC.**

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**Condensed Consolidated Interim Financial Statements**

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**For the Three Months Ended May 31, 2023 and 2022**

	<b>Page</b>
Condensed Consolidated Interim Statements of Financial Position	3
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	4
Condensed Consolidated Interim Statements of Changes in Equity	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7 – 30

# PERK LABS INC.

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

As at	(Unaudited) May 31 2023	(Audited) November 30 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	64,952	315,117
Amounts receivable	52,886	9,977
Marketable securities (note 5)	2,745	11,041
Inventory	1,706	1,519
Prepaid expenses and deposits (note 7)	19,517	99,875
	<b>141,806</b>	<b>437,529</b>
Property and equipment (note 6)	7,451	40,079
Intangible assets	6,842,828	234
<b>Total assets</b>	<b>6,992,085</b>	<b>477,842</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	1,589,494	190,133
Deferred revenue	22,036	2,571
Current portion of lease and long-term debt (note 17)	113,169	56,964
	<b>1,724,699</b>	<b>249,668</b>
Long term debt	198,282	–
Lease liabilities (note 17)	–	–
<b>Total Liabilities</b>	<b>1,922,981</b>	<b>249,668</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	43,169,635	37,046,054
Reserves	5,639,096	6,078,268
Deficit	(43,739,627)	(42,896,148)
<b>Total shareholders' equity</b>	<b>5,069,104</b>	<b>228,174</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,992,085</b>	<b>477,842</b>
Going concern (note 2)		
Commitments (note 17)		
Subsequent events (note 19)		

Authorized for issuance by the Board of Directors on July 26, 2023.

/s/ Kirk Herrington

Director

/s/ Ryan Hardy

Director

## PERK LABS INC.

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

	Three Months Ended		Six Months Ended	
	May 31 2023	May 31 2022	May 31 2023	May 31 2022
<b>Revenue</b> (note 15)	<b>39,333</b>	6,021	<b>42,041</b>	15,003
Cost of sales	<b>39,286</b>	6,243	<b>40,786</b>	9,274
Gross margin (loss)	<b>47</b>	(222)	<b>1,255</b>	5,730
<b>Expenses</b>				
Depreciation and amortization (note 6)	<b>16,875</b>	23,831	<b>40,617</b>	47,657
General and administration (note 10)	<b>345,754</b>	367,927	<b>545,205</b>	645,314
Research and development (note 11)	<b>145,417</b>	202,761	<b>250,439</b>	405,715
Sales and marketing (note 12)	<b>175,464</b>	118,936	<b>218,147</b>	224,723
Share-based compensation (notes 8, 9 and 16)	<b>6,593</b>	(23,357)	<b>(219,605)</b>	43,531
<b>Total operating expenses</b>	<b>690,102</b>	690,099	<b>834,803</b>	1,366,940
<b>Loss from operations</b>	<b>(690,055)</b>	(690,320)	<b>(833,548)</b>	(1,361,210)
Other income (expense)				
Foreign exchange gain (loss)	<b>(1,784)</b>	(209)	<b>(1,622)</b>	(3,085)
Gain on sale of property and equipment	<b>730</b>	7,610	<b>1,520</b>	10,010
Gain on sale of marketable securities	-	37,023	-	116,373
Government subsidies and grants	-	10,000	-	25,275
Interest expense	-	(5,139)	<b>(2,046)</b>	(11,117)
Interest income	<b>29</b>	507	<b>491</b>	1,229
Other Income	-	9	<b>22</b>	9
Unrealized gain (loss) on marketable securities (note 5)	-	(881,328)	<b>(8,296)</b>	(705,053)
	<b>(1,025)</b>	<b>(831,528)</b>	<b>(9,931)</b>	(566,359)
<b>Net and comprehensive income (loss) for the period</b>	<b>(691,080)</b>	<b>(1,521,848)</b>	<b>(843,479)</b>	(1,927,569)
<b>Net income (loss) per share</b>				
Basic	<b>(0.00)</b>	(0.01)	<b>(0.00)</b>	(0.01)
Diluted	<b>(0.00)</b>	(0.01)	<b>(0.00)</b>	(0.01)
<b>Weighted average number of shares outstanding (basic)</b>	<b>401,666,988</b>	187,181,033	<b>304,202,069</b>	186,899,411
<b>Weighted average number of shares outstanding (diluted)</b>	<b>441,723,696</b>	197,212,289	<b>333,741,265</b>	196,930,667

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

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	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Reserves</b>	<b>Deficit</b>	<b>(Unaudited) Total Equity</b>
Balance, November 30, 2022	202,694,664	\$ 37,046,054	\$ 6,078,268	\$ (42,896,148)	\$ 228,174
Shares issued for cash	16,848,323	276,313	–	–	276,313
Share issuance costs	–	–	–	–	–
Shares issued for service	2,905,384	41,667	–	–	41,667
Shares issued under RSU plan	3,197,399	219,567	(212,974)	–	6,593
Share-based compensation	–	–	(226,198)	–	(226,198)
Stock exchange (purchase of Getit)	186,201,148	5,586,034	–	–	5,586,034
Net income for the period	–	–	–	(843,479)	(843,479)
<b>Balance, May 31, 2023</b>	<b>411,846,918</b>	<b>\$ 43,169,635</b>	<b>\$ 5,639,096</b>	<b>\$ (43,739,627)</b>	<b>\$ 5,069,104</b>

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

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

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	<b>Six Months Ended</b>	
	<b>May 31</b>	<b>May 31</b>
	<b>2023</b>	<b>2022</b>
<hr/>		
<b>Cash and cash equivalents provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss)	<b>(843,479)</b>	(1,927,570)
Items not affecting cash		
Depreciation and amortization	<b>40,617</b>	47,657
Gain on sale of marketable securities	–	(116,373)
Gain on sale of property and equipment	–	(10,010)
Increase in note receivable	–	–
Interest expense on lease liability	<b>2,046</b>	11,117
Shares issued for service	<b>41,667</b>	75,500
Share-based compensation	<b>(219,605)</b>	43,531
Unrealized (gain) loss on marketable securities	<b>8,296</b>	705,054
	<b>(970,458)</b>	(1,171,094)
Net change in non-cash working capital	<b>546,633</b>	(275,126)
	<b>(423,825)</b>	(1,446,221)
<hr/>		
<b>Investing activities</b>		
Acquisition of intangible assets	–	(234)
Proceeds from sale of property and equipment	–	10,010
Proceeds from sale of marketable securities	–	165,653
	–	175,429
<hr/>		
<b>Financing activities</b>		
Proceeds from share issuances	<b>327,115</b>	429,530
Share issuance costs	–	(14,656)
Repayment of lease liabilities and long term debt	<b>(153,455)</b>	(58,296)
	<b>173,660</b>	356,577
<hr/>		
<b>Net increase (decrease) in cash</b>	<b>(250,165)</b>	(914,214)
<b>Cash and cash equivalents, beginning of year</b>	<b>315,117</b>	1,287,468
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<b>Cash and cash equivalents, end of year</b>	<b>64,952</b>	373,254
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<b>Supplemental cash flow information (note 14)</b>		

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# PERK LABS INC.

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

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### For the Six Months Ended May 31, 2023 and 2022

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#### 1. NATURE OF OPERATIONS

Perk Labs Inc. (“Perk Labs” or the “Company”) was incorporated under the laws of the Province of British Columbia on October 24, 2014. The Company’s address is Suite 250, PMB 955, 997 Seymour Street, Vancouver, British Columbia, V6B 3M1.

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

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

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

#### 2. GOING CONCERN

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. During the six months ended February 28, 2023, the Company incurred a net loss from operations of \$834,803 and used cash of \$970,458 for operating activities. As of that date, the Company had an accumulated deficit of \$43,739,637.

The Company is continuing to enhance its mobile and online ordering platform. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to May 31, 2023 is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate and the impact of those adjustments could be material.

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

Even after the uncertainty in the events over the war in Ukraine and inflation, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future; therefore, the Company cannot reasonably estimate the impact at this time on our business, liquidity, capital resources, and financial results.

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

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**For the Six Months Ended May 31, 2023 and 2022**

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**3. BASIS OF PREPARATION****a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards 34, "*Interim Financial Reporting*" ("IAS 34") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

The unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the annual audited consolidated financial statements for the year ended November 30, 2022, and should be read in conjunction with those consolidated financial statements.

**b) Basis of measurement**

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

**c) Basis of consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls where it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

**d) Critical accounting judgments and estimates**

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the carrying values of marketable securities and investments, the collectability of amounts receivable, useful lives and carrying values of property and equipment, useful lives, carrying values, and the incremental borrowing rate used for the right-of-use assets and lease liabilities, and the fair value of share-based compensation.

Judgments made by management in the application of IFRS that have significant effect on the condensed consolidated interim financial statements include the factors that are used in determining the fair value of privately held investments, the discount rates applied on marketable



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## PERK LABS INC.

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

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#### For the Six Months Ended May 31, 2023 and 2022

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### 3. BASIS OF PREPARATION (continued)

securities held in escrow and for the lack of liquidity in the trading volume of the Company's investment in certain marketable securities, the incremental borrowing rate used in the valuation of right-of-use assets and lease liabilities, and the application of the going concern assumption which requires management to take into account all available information about the future, at least but not limited to twelve months from the reporting period.

#### e) Government Grants

The Company recognizes government grants when there is a reasonable assurance that the Company will comply with the conditions of the grant and the grant will be received. Government grants receivable are recorded in the amounts receivable on the condensed consolidated interim statement of financial position. The Company recognizes government grants in the condensed consolidated interim statement of income/loss in the same period as the expenses for which the grant is intended to compensate. In cases where a grant becomes receivable as compensation for expenses already incurred in period periods, the grant is recognized in the statement of operations in the period in which it becomes receivable.

### 4. ADOPTION OF NEW STANDARDS

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

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

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

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

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

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

Other new standards and amendments to standards and interpretations are not effective for the period ended February 28, 2022 and have not been early adopted by the Company and are not expected to have a material impact on the Company's consolidated financial statements.

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

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**For the Six Months Ended May 31, 2023 and 2022**

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**5. MARKETABLE SECURITIES**

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

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

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

At May 31, 2023, the Company held 61,000 (November 30, 2022 – 61,000) BPS common shares with a fair value of \$2,745 (November 30, 2022 - \$11,038). For the three months ended February 28, 2023, the Company recognized an unrealized loss of \$8,293 (November 30, 2022 – loss of \$33,962) on the BPS common shares.

At May 31, 2023, the Company held 546,000 (November 30, 2022 – 546,000) BPS warrants with a fair value of \$0 (November 30, 2022 - \$3). For the three months ended February 28, 2023, the Company recognized an unrealized loss of \$3 (November 30, 2022 – loss of \$31,192) on the BPS warrants.

## PERK LABS INC.

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

For the Six Months Ended May 31, 2023 and 2022

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

	November 30 2021	Additions	November 30 2022	Additions	Disposals	May 31 2023
<b>Cost</b>						
Computer equipment	\$ 175,948	\$ (46,862)	\$ 129,086	\$ 1,027	\$ -	\$ 130,113
Furniture and fixtures	20,787	(9,599)	11,188	6,964	-	18,152
Leasehold improvements	220,474	-	220,474	-	220,474	-
Right of use lease asset	274,710	-	274,710	-	274,710	-
	\$ 691,919	\$ (56,461)	\$ 635,458	\$ 7,991	\$ 495,184	\$ 148,265
<b>Accumulated Depreciation/Amortization</b>						
	November 30 2021	Depreciation/ Amortization	November 30 2022	Depreciation/ Amortization	Disposals	May 31 2023
Computer equipment	\$ 174,157	\$ (45,905)	\$ 128,252	\$ 700	\$ -	\$ 128,952
Furniture and fixtures	20,787	(9,599)	11,188	674	-	11,862
Leasehold improvements	220,474	-	220,474	-	220,474	-
Right of use lease asset	141,280	94,185	235,465	39,243	274,708	-
	\$ 556,698	\$ 38,681	\$ 595,379	\$ 40,617	\$ 495,182	\$ 140,814
<b>Carrying Amounts</b>	\$ 135,221		\$ 40,079			<b>7,451</b>

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

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## PERK LABS INC.

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

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#### For the Six Months Ended May 31, 2023 and 2022

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#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable are \$828,757 (November 30, 2022 - \$151,692). Accrued liabilities are \$203,060 (November 30, 2022 - \$9,802). Accrued payroll liabilities are \$548,424 (November 30, 2022 - \$20,639). There are payments due to officers, directors and other related parties of \$9,253 (November 30, 2022 - \$80,000) for various consulting, management, and director fees.

#### 8. SHARE CAPITAL

##### a) Common shares

###### Authorized:

Unlimited number of common shares without par value.

###### Issued:

On July 17, 2020, the Company filed a Short Form Base Shelf Prospectus with the British Columbia Securities Commission and using Multilateral Instrument 11-102 Passport System, filed the prospectus in all the provinces and territories of Canada. On July 29, 2020, the Company announced that it established an at-the-marketing equity program that allows the Company to issue and sell up to \$2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion. On February 17, 2021, the Company announced the renewal of its at-the-marketing equity program that allows the Company to issue and sell up to \$4,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion. On July 14, 2022, the Company announced that it had ended its ATM program.

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

During the six months ended May 31, 2023, the Company issued an aggregate of 2,905,384 (May 31, 2022 - 1,768,636) common shares with a fair value of \$41,667 (May 31, 2022 - \$75,500) for services. The fair value of common shares issued was based on the end of day trading price of the Company's common shares on the date of issuance.

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

For the quarter ended May 31, 2023, the Company closed several private placements for 16,848,323 units at a price of \$0.0164 per unit for proceeds of \$276,313.

During the quarter ended May 31, 2022, the Company closed a private placement for 7,672,138 units at a price of \$0.042 per unit for proceeds of \$322,230.

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**PERK LABS INC.****Notes to the Condensed Consolidated Interim Financial Statements  
(Unaudited)  
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**For the Six Months Ended May 31, 2023 and 2022**

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**8. SHARE CAPITAL (continued)****b) Warrants**

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

<b>Expiry Date</b>	<b>Remaining Life (Years)</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>
28-Mar-24	0.83	7,374,645	\$ 0.05
13-Apr-24	0.87	297,493	\$ 0.05
24-Apr-26	2.90	16,848,323	\$ 0.05
<b>Total</b>		<b>24,520,461</b>	<b>\$ 0.05</b>

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

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**For the Six Months Ended May 31, 2023 and 2022**

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**8. SHARE CAPITAL (continued)****c) Restricted share units**

The Company has established a long-term Restricted Share Unit (“RSU”) incentive plan for executives and certain employees. This plan was finalized and approved at the Company’s Annual General Meetings held on June 10, 2020 and on June 9, 2021. Awards generally vest over a three-year period (100% cliff vesting on the third anniversary date). The Board or Compensation Committee may, in its sole discretion, determine vesting conditions for RSUs and the method of vesting. The Company’s policy is to issue common shares for RSUs in the same month in which they vest.

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

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	<b>Number of Units</b>	<b>Weighted average issue price of RSU</b>
Balance, November 30, 2022	20,228,435	\$ 0.04
Granted	13,563,300	0.03
Vested, issued and released	(3,191,149)	0.08
Forfeited	(7,189,608)	0.04
<b>Balance, May 31, 2023</b>	<b>23,410,978</b>	<b>\$ 0.03</b>

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<b>Expiration Dates</b>	<b>Outstanding RSUs</b>	<b>Weighted Average Issue Price</b>
June 1, 2023 to November 30, 2023	932,791	\$ 0.06
December 1, 2023 to November 30, 2024	2,027,215	0.08
December 1, 2024 to November 30, 2025	18,054,339	0.01
December 1, 2025 to November 30, 2026	2,396,633	0.09
	<b>23,410,978</b>	<b>\$ 0.03</b>

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For the six months ended May 31, 2023, the Company recognized RSU share-based compensation gain of \$6,593 (May 31, 2022 – expense of \$36,805). This was represented by \$353,218 of RSU compensation expense and a recovery of \$265,692 of previously issued RSUs that were forfeited. Of the RSUs granted, \$346,618 (May 31, 2022 - \$24,895) were granted to officers and directors of the Company.

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

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**For the Six Months Ended May 31, 2023 and 2022**

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**9. STOCK OPTIONS**

The Company is authorized to grant options to directors, officers, employees, and consultants to acquire common shares under the 2016 Incentive Stock Option Plan, as amended November 3, 2020. (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's common shares issuable pursuant to options granted under the Plan, together with all of the Company's other compensation or incentive mechanisms involving the issuance or potential issuance of Common Shares, may not exceed 15% of the issued common shares of the Company from time to time. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less than \$0.05. Stock options granted under the Plan vest subject to vesting terms which may be imposed at the discretion of the Directors. Stock options granted under the Plan are to be settled with the issuance of equity instruments.

For the quarter ended May 31, 2023, the Company recognized share-based compensation recovery of \$1,250 (May 31, 2022 – \$3,726) related to stock options granted of which \$0 (May 31, 2022 – recovery of \$870) was related to options granted to officers and directors of the Company.

The following summarizes the stock options outstanding.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance, November 30, 2022	5,420,000	\$ 0.20
Granted	-	\$ -
Forfeited	-	\$ -
Expired	(775,000)	\$ 0.70
Exercised	-	\$ -
<b>Balance, May 31, 2023</b>	<b>4,645,000</b>	<b>\$ 0.12</b>

<b>Exercise Price</b>	<b>Weighted Average Remaining Life</b>	<b>Options Outstanding (#)</b>	<b>Options Exercisable (#)</b>
0.05	1.82	1,125,000	666,666
0.10	1.45	610,000	610,000
0.11	1.07	350,000	350,000
0.14	0.94	200,000	200,000
0.15	0.93	1,245,000	1,245,000
0.16	0.90	1,065,000	1,065,000
0.18	1.76	50,000	50,000
<b>0.12</b>	<b>1.24</b>	<b>4,645,000</b>	<b>4,186,666</b>

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

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**For the Six Months Ended May 31, 2023 and 2022**

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**9. STOCK OPTIONS (continued)**

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model assuming no expected dividends, and the following weighted-average assumptions in the twelve months to May 31, 2023.

	<b>May 31 2023</b>	<b>May 31 2022</b>
Risk-free interest rate	<b>3.05%</b>	1.45%
Expected volatility	<b>177%</b>	155%
Expected option life (in years)	<b>5.0</b>	5.0
Expected forfeiture rate	<b>5%</b>	5%

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

**10. GENERAL AND ADMINISTRATION EXPENSES**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 31 2023</b>	<b>May 31 2022</b>	<b>May 31 2023</b>	<b>May 31 2022</b>
Bank charges and interest	<b>17,292</b> \$	16,455	<b>17,906</b>	34,240
Consulting fees	<b>1,935</b>	-	<b>1,935</b>	1,425
Directors' fees (note 19)	<b>-</b>	10,000	<b>3,333</b>	28,333
Insurance	<b>4,413</b>	3,136	<b>7,733</b>	6,687
Investor relations	<b>15,000</b>	89,438	<b>56,128</b>	89,895
Legal, accounting, and auditing	<b>64,491</b>	26,443	<b>80,945</b>	61,790
Office	<b>9,005</b>	12,529	<b>11,039</b>	21,790
Rent	<b>52,108</b>	19,515	<b>58,296</b>	37,836
Transfer agent and filing fees	<b>4,106</b>	32,314	<b>32,348</b>	68,724
Travel	<b>11,320</b>	907	<b>11,622</b>	1,152
Wages and benefits (note 18)	<b>166,084</b>	157,190	<b>263,920</b>	293,441
	<b>345,754</b>	367,927	<b>545,205</b>	645,314



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

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**For the Six Months Ended May 31, 2023 and 2022**

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**11. RESEARCH AND DEVELOPMENT EXPENSES**

	Three Months Ended		Six Months Ended	
	May 31	May 31	May 31	May 31
	2023	2022	2023	2022
Consulting	16,234	\$ 70,012	64,401	143,852
Information technology	25,370	19,677	41,148	41,500
Wages and benefits (note 18)	103,813	113,072	144,890	220,363
	145,417	202,761	250,439	405,715

**12. SALES AND MARKETING EXPENSES**

	Three Months Ended		Six Months Ended	
	May 31	May 31	May 31	May 31
	2023	2022	2023	2022
Consulting fees	–	\$ 42,516	12,345	70,966
Promotions and events	11,839	2,216	11,871	6,090
Sales and marketing	44,909	37,294	47,121	73,438
Travel	5	4,923	7	4,943
Wages and benefits (note 18)	118,711	31,988	146,803	69,286
	175,464	118,936	218,147	224,723

**13. SEGMENTED INFORMATION**

The Company has one operating segment with assets located in Canada and the USA. The USA operating segment does not exceed 10% of reported revenue or 10% of the combined assets of the Company. The geographic segments have been aggregated into a single operating segment based on similar economic characteristics.

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

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**For the Six Months Ended May 31, 2023 and 2022**

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**14. SUPPLEMENTAL CASH FLOW INFORMATION**

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

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**15. REVENUE**

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 31 2023</b>	<b>May 31 2022</b>	<b>May 31 2023</b>	<b>May 31 2022</b>
Licensing revenue	–	4,750	–	11,750
Transaction revenue	<b>37,980</b>	1,171	<b>39,472</b>	3,153
Subscription revenue	<b>1,353</b>	100	<b>2,569</b>	100
	<b>39,333</b>	<b>6,021</b>	<b>42,041</b>	<b>15,003</b>

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

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**For the Six Months Ended May 31, 2023 and 2022**

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**16. RELATED PARTY TRANSACTIONS**

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

	<b>Six Months Ended</b>	
	<b>May 31</b>	<b>May 31</b>
	<b>2023</b>	<b>2022</b>
Directors' fees	<b>3,333</b>	18,333
Remuneration and fees	<b>168,886</b>	142,035
Share-based compensation	<b>334,284</b>	54,897
	<b>506,503</b>	215,265

At May 31, 2023, the Company owed \$9,253 (November 30, 2022 - \$6,667) to directors of the Company, listed within accounts payable and accrued liabilities.

At May 31, 2022, the Company owed \$6,667 to a director of the Company which is included in accounts payable and accrued liabilities.

At May 31, 2022, the Company owed \$2,742 to the Chief Executive Officer of the Company which is included in accounts payable and accrued liabilities.

At May 31, 2022, the Company owed \$11,871 to the Chief Technology Officer of the Company which is included in accounts payable and accrued liabilities.

At May 31, 2022, the Company owed \$8,000 to the Company's Chief Technology Officer's company which is included in accounts payable and accrued liabilities.

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

**17. COMMITMENTS AND LEASE LIABILITIES**

On the reporting date, May 31, 2023 the Company ended its office lease at its headquarters in Vancouver. As such, the Company no longer has any long term lease liabilities.

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

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**For the Six Months Ended May 31, 2023 and 2022**

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**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis**

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

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

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

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

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

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

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

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**For the Six Months Ended May 31, 2023 and 2022**

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

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

**(i) Interest rate risk**

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

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

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

**(ii) Foreign currency risk**

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

The Company is exposed to foreign currency risk with respect to its US denominated bank account. At May 31, 2023, financial instruments were converted at a rate of \$1 US dollar to \$1.3603 (November 30, 2022 – \$1.3508) Canadian. A 10% change in foreign exchange rates is not expected to have a material impact on the condensed consolidated interim financial statements.

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

**(iii) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit risk by placing its cash and cash equivalents with a high credit quality financial institution in Canada. For amounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counterparties.

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

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

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**For the Six Months Ended May 31, 2023 and 2022**

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**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)****(iv) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, or the proposed transaction. The Company manages liquidity risk by maintaining adequate cash balances when possible.

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash and cash equivalents at February 28, 2023 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational and expansion needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof. On July 29, 2020, the Company announced an at-the-market equity program that allows the Company to issue and sell up to \$2,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion.

On February 17, 2022, the Company announced the renewal of its at-the-market equity program that allows the Company to issue and sell up to \$4,000,000 of common shares in the capital of the Company from treasury to the public, from time to time, at the Company's discretion. On July 14, 2022, the Company announced the end of its at-the-market equity program.

**(v) Capital risk management**

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

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

**(vi) Price risk**

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

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## PERK LABS INC.

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

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For the Six Months Ended May 31, 2023 and 2022

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#### 19. SUBSEQUENT EVENTS

- **Annual General Meeting:** The Company held its Annual General Meeting on July 5, 2023. All of the ordinary resolutions were passed and 5 of the 6 incumbent directors were re-elected to serve until the close of the next annual meeting of shareholders. In accordance with the Company's majority voting policy, Patrick Power submitted his resignation. The full voting results on all matters voted on at the meeting were filed on SEDAR at [www.sedar.com](http://www.sedar.com).
- **Private Placement of Units:** In July, the Company announced a proposed non-brokered private placement of up to 6,250,000 Units at a price of \$0.016 per Unit for gross proceeds of up to \$100,000. Each Unit will consist of one Common Share of the Company and one Common Share purchase warrant. Each Warrant will entitle the holder to purchase one additional Common Share at a price of \$0.05 per Common Share for a period of 24 months from the Closing date.
- **Private Placement of Convertible Debentures:** Perk also announced a proposed non-brokered private placement of convertible debentures for gross proceeds of up to \$250,000. The convertible debentures will be offered on varying terms, including interest rates ranging from 5% to 15% and differing acceleration terms and maturity dates specific to the terms of each convertible debenture agreement. The convertible debentures will be convertible into Common Shares of Perk Labs at a conversion price of \$0.05 per Share, subject to the terms and conditions set forth in the specific convertible debenture agreement. The private placement of the Units and the convertible debentures is expected to close on or before August 24, 2023. All securities issued pursuant to the private placement will be subject to a statutory hold period of four months and one day following the Closing. The Company intends to use the net proceeds from the private placements for general working capital purposes, accounts payable, and employee salaries.
- **Resignation of Chief Legal Officer:** The Company also announced the resignation of Jonathan Hoyles, Chief Legal Officer and Director, effective July 13, 2023. Mr. Hoyles is pursuing another opportunity, and his departure from Perk Labs is amicable.