



Perk Labs Reports Third Quarter 2021 Results

This news release constitutes a “designated news release” for the purposes of the Company’s prospectus supplement dated February 17, 2021 to its short form base shelf prospectus dated July 17, 2020.

Vancouver, Canada, October 29, 2021 — Perk Labs Inc. (CSE: PERK / OTCQB: PKLBF / FKT: PKLB) (“Perk Labs” or the “Company”) the parent company of Perk Hero, a digital franchiser with an omnichannel commerce platform featuring exclusive perks on curated lifestyle products, digital gift cards and dining, today announced financial results for the third quarter ended August 31, 2021.

Overview

Perk Hero spent the third quarter of fiscal 2021 developing its franchise program and accompanying digital tools. The Company recognized a growing demand for capital-light digital franchises that do not need the significant investments typically required from traditional brick-and-mortar franchises. Its unique solution provides local businesses access to a powerful mobile ordering, payment and digital loyalty platform that allow businesses to accept both web and mobile app orders and run effective promotions. The Company believes that its web-based ordering will be particularly attractive for franchisees to offer to restaurants as it provides a solution for restaurants dealing with a labour shortage crisis and removes the customer friction of having to download an app.

“One of the most attractive things about our new franchise model is that it allows Perk Hero to expand more quickly with community-minded entrepreneurs who have the local knowledge needed to succeed in new territories”, said Norman Tan, CFO, Perk Labs. “Our franchise partners get the flexibility and freedom they desire building their own business while we can focus on investing in our technology platform. What’s more, this expands our revenue streams and improves our gross margins.”

Perk Hero is offering prospective franchisees the opportunity to purchase the rights to an exclusive territory through a five-year franchise agreement, with the initial fee ranging from \$25,000 for a small territory, to \$35,000 for a larger territory. In turn, franchisees will have the right to register local businesses to Perk Hero’s all-in-one ordering, payments, and digital rewards solution at a standard monthly subscription price of \$99/month. Franchisees will earn 70% of software-as-a-service (SaaS) revenue from the business they sign up, with the Company receiving a 30% royalty fee.

For the remainder of the year and early 2022, the Company will be focused on signing new franchisees to its digital franchise program. The digital franchise program will feature robust franchisee reporting and management tools along with a completely revamped user interface for both the Perk Hero app and website. These tools in conjunction with cryptorewards offer truly unique features in the franchise world.

As at August 31, 2021, Perk Hero had 108 restaurants and 149 third-party sellers on its platform with a total of 8,464 products and 98 gift card brands for sale.

2021 Q3 Financial Highlights:

- Working capital of \$2.5M in Q3 2021 compared to \$1.1M in Q3 2020 and \$792k in Q4 2020.
- Net loss of \$1.1M in Q3 2021 compared to a net loss of \$0.7M in Q3 2020.
- Revenue of \$6,447 in Q3 2021 compared to revenue of \$10,053 in Q3 2020.
- General and administration expenses increased to \$310k in Q3 2021 compared to \$111k in Q3 2020.
- Research and development expenses decreased to \$205k in Q3 2021 compared to \$210k in Q3 2020.
- Sales and marketing expenses decreased to \$115k in Q3 2021 compared to \$168k in Q3 2020.

2021 Q3 Operational Highlights

- **Completed phase 1 of its web-based administration portal:** The Company completed development of a new web-based internal portal that provides advanced reporting, data analytics and platform management that allows Perk Hero to customize the end-user experience. This tool is the foundation on which Perk Hero's franchisees, restaurants and third-party sellers will be able to manage their business profiles with Perk Hero including catalogue management, promotions, data analytics, reporting and third-party integrations.
- **New platform upgrades to improve performance:** The Company completed a comprehensive technology upgrade that includes a new merchant payout system, universal shopping cart and single sign-on. The Company also optimized performance of its website which helps with loading times and ultimately, customer conversions.

Highlights Subsequent to 2021 Q3

- **Launched a National Franchise Program:** On October 12, 2021, the Company announced the launch of its mobile-first digital franchise system. With this offering, Perk Hero becomes one of a select few franchise systems that offer franchisees the ability to earn recurring SaaS revenue. Coinciding with this launch, Perk Hero showcased its franchise offering at the Canadian Franchise Association's virtual show in October.
- **Completed phase 1 of its cryptocurrency project with the Jonah Group:** The Company completed its project with the Jonah Group that was announced on August 17, 2021. Building upon the Company's previous research and development, Perk Hero executed a rigorous process to evaluate the market and determine the appropriate blockchain technology on which to build-out its cryptocurrency. The next steps will be to develop the technology while working with securities regulators to ensure full compliance with the appropriate regulatory frameworks. With the development of this technology, Perk Hero will, to the best of its knowledge, be the first franchise system that enables franchisees to leverage the power of blockchain technology.
- **Engaged Fintory to redesign its mobile app:** Perk Hero engaged Fintory, a leading design and development agency specializing in user interfaces for startups and world-leading companies, to redesign the Perk Hero mobile app. This redesign will incorporate a revised rewards system and gamification elements coupled with usability and performance improvements.

Outlook

The Company's strategic priorities for the remainder of 2021 include:

- Signing new franchisees to its digital franchise program.
- Continued development of the Perk Hero product including implementing a new user interface of its app and website to add new promotional, loyalty and cryptocurrency capabilities.
- Investor relations initiatives including video updates for investors, hosting investor webinars, taking part in roadshows to meet new investors, and attending industry events.
- Continuing to add useful spending tools that build upon Perk's existing platform, including enabling customers to make purchases using digital wallets and cryptocurrency.
- Developing Perk Coin as a blockchain-based digital loyalty-reward currency and exploring the conditions and requirements to distribute Perk Coin as a cryptoreward.

The Company's complete financial results are available in its Consolidated Financial Statements and Management's Discussion and Analysis for the quarter ended August 31, 2021, each filed with Canadian securities regulators at www.sedar.com.

IFRS

The operational and financial information in this release is based on the consolidated figures in accordance with International Financial Reporting Standard (IFRS).

About Perk Labs

Perk Labs Inc. is the owner of *Perk Hero*, a digital loyalty management platform that enables merchants to provide their customers with digital rewards and a more engaging and convenient customer experience.

For more information about Perk Labs, please visit www.perklabs.io. Visit Perk Hero at www.perkhero.com.

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Forward-Looking Statements

This press release contains forward-looking information or forward-looking statements (collectively "forward-looking information") within the meaning of applicable securities laws. Forward-looking information is typically identified by words such as: "may", "believe", "thinks", "expect", "exploring", "expand", "could", "anticipate", "intend", "estimate", "plan", "pursue", "potentially", "projected", "should", "will" and similar expressions, or are those, which, by their nature, refer to future events. These forward-looking statements, which involve risks and uncertainties, relate to, among other things, the discussion of Perk Labs' business strategies and its expectations concerning future operations, that the Company will provide consumers with a convenient and highly incentivized way to earn cryptorewards by simply making purchases through its platform, the prospects of new revenue opportunities such as the licensing agreement with Century Services, and that it can provide a model to be replicated in other cities to expand the Company's business across North America, that the new merchant referral program paired with Perk Hero's streamlined onboarding process, will enable the Company to add additional merchants to its platform more quickly, that the new web-based portal will be used to configure promotions and the way products and brands are displayed on the app, that the internal web-based tool will also form the foundation for a new web-based merchant tool that will provide third-party sellers and restaurants on Perk's platform with data analytics, catalogue management, and other promotional and sales features, that the Company's new web-based restaurant ordering tool is expected to be in high demand from restaurants, the Company's planned marketing and investor relations initiatives, the continued development of the Perk Hero product through a series of build-measure-learn iterations, that the Company will build an exceptional and world-class brand, that the Company will increase the number of users and merchants using the Perk Hero platform, that the Company will ramp up sales and revenue generation, and the development of Perk Coin as a blockchain-based digital loyalty reward currency and that the Company will explore the conditions and requirements to distribute Perk Coin as a cryptoreward. Although Perk Labs considers these forward-looking statements to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. For additional information with respect to these and other factors and assumptions underlying the forward-looking statements in this press release, see the section entitled "Risk Factors" in the most recent Annual Information Form and Prospectus of Perk Labs, which may be accessed through Perk Labs' profile on SEDAR at www.sedar.com. Perk Labs cautions investors that any forward-looking information provided by Perk Labs is not a guarantee of future results or performance, and that actual results may differ materially from those in forward-looking statements. Undue reliance should not be placed on such forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.