



Perk Labs Letter to Shareholders

Vancouver, Canada / December 9, 2021 / Perk Labs Inc. (CSE: PERK / OTCQB: PKLBF / FKT: PKLB) (“Perk” or the “Company”).

Dear Shareholders,

For many people 2021 was an unusual and difficult year with many ups and downs. Throughout the year we saw the ongoing effects of the Covid-19 pandemic, extreme weather events, rising inflation, and supply chain disruptions. It was also a year that reminded us how much technology has become an intricate and useful part of our lives as we spent much of our time online and remained connected to one another through video and chat. As we close out the year, our team at Perk Labs is optimistic about our future as we expect 2022 will be a year that we reap the benefits of many of the long term investments we’ve made. Before we discuss our plans for the upcoming year, we’d like to recap a number of important milestones we recognized in the past year:

- Advanced our research and development of a crypto loyalty rewards program built on the Solana blockchain protocol.
- Launched a unique community-driven digital franchise business. This allows us to expand our business more quickly by partnering with community-minded entrepreneurs who have the local knowledge needed to succeed in new territories.
- Received a new U.S. patent that protects the Company’s rights to one of its inventions for enabling the payments of invoices and bills using a mobile device.
- Upgraded our platform with a new merchant payout system, streamlined checkout process and single sign-on. The new payout system removed dependencies on third-party processors and was a required step towards developing our own blockchain-based rewards and payment platform.
- Added multi-currency support and made our platform available to customers in the United States.
- Built an integration with BitPay to enable cryptocurrency payment on our platform.
- Euro Asia Pay (EAP) closed its initial public offering providing liquidity for Perk’s stake of 8.5 million shares in EAP.
- Entered into an agreement with InComm Payments, a leading payments technology company, to sell digital gift cards in the United States.
- Built a custom app integration that connects to Shopify eCommerce sites. This integration enables Shopify merchants to quickly and easily onboard to our platform through a seamless auto syncing of catalogue information.
- Raised \$2.5M in fiscal 2021 to fund our investments in our platform.

Building upon these milestones, we’d like to share our plans and provide our expectations for the future growth of our business.

The Mission Driving Our Business

As a result of the COVID-19 pandemic, many businesses, especially restaurants, are struggling with staffing shortages, increased costs, and less customer traffic. We’ve made it our mission to empower business owners with the digital tools needed to recover and grow their businesses. Through our platform, business owners are able to leverage solutions such as contactless QR code-based ordering, multiple mobile payment methods, digital loyalty rewards, and personalized offers and promotions. Small and midsize businesses (“SMBs”) can access these tools through our powerful merchant portal and provide their customers with experiences that are more engaging, convenient, and rewarding.

Our Vision to be a Web3 Native Company

We are witnessing the exciting emergence of Web3 - the next version of the internet that will be decentralized, open, and of greater utility. There has been an explosion and acceleration in the areas of decentralized finance and autonomous organizations, marketplaces for Non-Fungible Tokens (NFTs), and online 3-D virtual environments. In the past year, we've glimpsed an exciting new future of interacting in the metaverse and building and accessing virtual communities through NFTs.

In the past when there has been a paradigm shift in technology on this scale such as the emergence of the internet or smartphone, it created disruption and opened new opportunities for businesses that adapt early to these technologies to become new category leaders. Beyond the current value that we provide to SMBs, we see an opportunity to be at the forefront of this new version of the internet by providing SMBs with a bridge to new Web3 technologies through a crypto loyalty reward program and special access rights NFTs. As an example of how this can work for a brick-and-mortar location, we've already witnessed the announcement of the first NFT restaurant in New York City: <https://vcrgroup.com/nft/>

We believe that investing in this new technology is essential to providing us with a competitive edge. Our vision is for our platform to become the dominant Web3 native digital loyalty platform in North America within the next three years. As discussed in our goals for 2022 below, launching our crypto loyalty rewards program and a special rewards zone that includes NFTs with special access rights attached to them will be key initiatives to realize this vision. By making these Web3 technologies available to SMBs, business owners will be able to attract customers and build loyalty in a new and exciting way.

Why the Timing is Right for our Restaurant Solution

In our last letter to shareholders we discussed the decision to shift our focus away from our QR code ordering and payments solution for restaurants to eCommerce and digital gift cards. We made that decision due to the restrictions at that time on in-dining services at restaurants and competition from delivery apps for pre-order and pick-up services. Since then we've seen a mass adoption of the use of QR codes in restaurants as restaurant guests are required to present a QR code-based evidence of vaccination to get into a restaurant and often have to scan a QR code to view the menu.

Due to the labour shortage and increased costs restaurants face as a result of rising inflation, restaurant owners and managers are now more than ever open to using technology to solve the challenges they face to help streamline operations and save costs. Market research is showing over 90% usage rates of QR code payment solutions in many parts of Europe, whereas two years ago it was less than 10%. Similar momentum is building in North America though the market is probably lagging 12-18 months behind. As found in a recent PYMNTS' Restaurant Readiness Index research report, 33% of restaurant managers see expanding uses of QR codes as imperative for enhancing end-to-end dining experiences. For these reasons, we believe that our solution, especially our web-based QR code ordering, payment and loyalty features, provides tremendous value to restaurant owners and the timing is right to resume sales and marketing efforts to restaurants.

Our Goals for 2022

To achieve our ambitious mission and vision, we've set six major goals for the year 2022: (1) launch our crypto loyalty rewards with our new user interface; (2) grow our number of end-user customers and restaurants using our platform; (3) rapid expansion of our digital franchise program in Canada; (4) launch a special rewards zone that includes NFTs; (5) expand our digital franchise program to the United States; and (6) grow our licensing revenue. Let's spend a moment on each goal.

Launch our crypto loyalty rewards with a new user interface. We've invested in a fresh new user-friendly design of our app and website to support our crypto loyalty rewards program that we plan to roll out in Q1 2022. We've been making great progress on our crypto loyalty rewards and are aiming to launch this program in January 2022. We see substantial value in offering our crypto loyalty rewards solution to SMBs, including providing businesses a way to reduce their credit card processing costs and provide attractive incentives to customers.

Grow our number of end-user customers and restaurants using our platform. Our goal is to get our solution in as many restaurants as possible by the end of 2022, with a goal of at least 1000 locations by the end of the year. We must work hard to grow the number of customers that sign up to our platform, the number of items they purchase, the frequency with which they make purchases, and the level of satisfaction they have when they do so. With our new user interface, customers will receive crypto rewards for signing up to our services, leaving reviews, and referrals to friends, among other activities.

Rapid expansion of our digital franchise program in Canada. Through our platform we are able to bring tremendous value to franchisees in Canada. We believe franchising is the best way that we can rapidly expand our business at scale and in a low-capital, cost-effective way. One point worth mentioning is that we will be selective in who we partner with as a franchisee as we won't partner with anyone who is not committed to providing excellent service to customers. We are already onboarding our first franchisee in Ontario and are receiving strong interest from prospective franchisees in cities across Canada.

Launch a special rewards zone that includes NFTs. As part of our loyalty program, we are planning to offer an exclusive special rewards zone. Beyond providing cryptographic provenance for digital art, we see NFTs as a way to provide added value to SMBs by enabling them to offer NFT-based memberships and access passes that provide special benefits at restaurants and other SMBs.

Expand our digital franchise program to the United States. We believe it is important to expand quickly to the US while there remains a window of opportunity to be the leading digital loyalty franchisor in the United States. We will be laying the groundwork for our US expansion plans in Q1 with a goal of expanding to the US in Q2.

Grow our licensing revenue. All of the above plans and goals are in support of growing high-margin revenue. That is the foundation underlying all of our plans. We believe that the licensing fees from our franchising and royalties from our software subscriptions will provide the high margin revenue opportunity that we've been building towards.

Longer term Goals

Beyond our goals for 2022, we see plenty of other opportunities for the platform we are building, including:

- Licensing our technology internationally to master franchisees in other countries, especially those with less developed payments infrastructure.
- Exposing our crypto loyalty rewards platform to third party developers to allow them to integrate our crypto loyalty rewards into their applications.
- Expanding our services for existing business lines such as parking and services payments and entering new verticals such as tickets and travel.

Final Thoughts

We have bold and ambitious goals and see substantial opportunity in the markets we are targeting. However, we face many challenges and hurdles, including well-funded competition and the need for continuing investments to meet an expanding market opportunity. To succeed we will need to move quickly with crisp execution and continue to invest in new technologies as we move to establish an enduring franchise.

In the coming years, we expect to benefit from the continued adoption of cryptocurrency and other Web3 technologies. As we begin this next stage of our journey we extend sincere thanks to our customers, shareholders and our team members who are working hard to execute on our ambitious plans.

About Perk Labs Inc.

Perk Labs Inc. (CSE: PERK) (OTCQB: PKLBF) (FKT: PKLB) is the owner of Perk Hero, the mobile commerce platform on a mission to empower business owners with the digital tools to provide their customers with shopping and dining experiences that are more engaging, convenient and rewarding. Perk Hero is used to order and pay at restaurants, for online shopping and to buy digital gift cards from top brands. The platform features Shopify integration, contactless payments using Apple Pay, Google Pay, BitPay and Alipay, its own digital currency called Perk Coin, a gamified loyalty program, pre-order and pick up, and in-store payments with a QR code. Perk Hero is growing through a unique community-driven digital franchise business that is available to entrepreneurs at an attractive start-up price.

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

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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 the Company's business strategies and its expectations concerning future operations, that 2022 will be a year that we reap the benefits of many of the long term investments we've made, that our platform to become the dominant Web3 native digital loyalty platform in North America within the next three years, that the timing is right to resume sales and marketing efforts to restaurants, six major goals for the year 2022: (1) launch our crypto loyalty rewards with our new user interface; (2) grow our number of end-user customers and restaurants using our platform, including our goal of at least 1000 locations by the end of the year; (3) rapid expansion of our digital franchise program in Canada; (4) launch a special rewards zone that includes NFTs; (5) expand our digital franchise program to the United States; and (6) grow our licensing revenue, that customers will receive crypto rewards for signing up to our services, leaving reviews, and referrals to friends, among other activities, that the licensing fees from our franchising and royalties from our software subscriptions will provide the high margin revenue opportunity that we've been building towards, our long term goals of licensing our technology internationally to master franchisees in other countries, especially those with less developed payments infrastructure, exposing our crypto loyalty rewards to third party developers to allow them to integrate our crypto loyalty rewards into their applications, expanding our services for existing business lines such as parking and services payments and entering new verticals such as tickets and travel. Although the Company 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. The Company cautions investors that any forward-looking information provided by the Company 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.