



Perk Labs Reports Third Quarter 2022 Results

Vancouver, Canada, September 28, 2022 — Perk Labs Inc. (CSE: PERK / OTCQB: PKLBF / FKT: PKLB) (“Perk” or the “Company”) today announced financial results for the third quarter ended August 31, 2022.

Overview

“From 2020 until the start of this year, valuations and investment were focused almost exclusively on growth, emerging Web3 technologies, and pandemic-driven booms such as direct-to-consumer eCommerce. With rising inflation and interest rates there has been a shift in the way that investors value companies” said Jonathan Hoyles, CEO of Perk. “More than ever before, it is paramount that we demonstrate our execution capabilities, revenue growth and show a clear path to profitability. That is what our team is laser-focused on as we’ve reduced our expenses and concentrated on the fundamental areas where we believe we can most effectively generate high-margin revenue reliably. While our revenue recognized in this past quarter was very modest, we signed a number of annual contracts and are tremendously encouraged to see our annual recurring software-as-a-subscription revenue increase by 61.6%. While the results are still early, we are seeing signs of success as we sign up more monthly subscribing customers and see steady increased usage of our platform.”

“In this fiscal quarter, the company has started to see an increase in demand for our products, confirmed by the signing of new annual contracts” said Vanessa Altamirano, Interim Chief Financial Officer. “The completion of the Deliverect POS integration will allow us to escalate revenue and growth by being able to support enterprise customers. The Company’s focus for the coming quarters will be to increase sales initiatives, and we have started doing so, by recruiting a new Director of Sales who has over 15 years of experience. We are also entering new verticals to increase our total addressable market by being able to support not only restaurants but also other businesses such as salons, health and wellness, fitness and studios.”

2022 Q3 Financial Highlights:

- Deferred Revenue from cash received from new annual software contracts signed within Q3 2022 encompass 6.4k of the total 14.5k; which will be recognized as revenue on a monthly basis. These new contracts increase our annual recurring software-as-a-subscription revenue by 61.6%.
- Net loss of \$2.8M in Q3 2022 compared to net loss of \$839k in Q3 2021. This is primarily driven by the reduction in the valuation of marketable securities due to the decrease in the stock price and the liquidation of our investment securities held in Hero Innovation Group Inc. (formerly Euro Asia Pay Holdings Inc.) which generated an unrealized loss of \$1M.
- Working capital of \$600K in Q3 2022 compared to \$2.5M in Q3 2021 and \$2.0M in Q4 2021.
- General and administrative expenses increased 7% from \$878k in Q3 2021 to \$941k in Q3 2022 as the Company is prioritizing investor relations through its market awareness campaign.
- Research and development expenses decreased 7% from \$577k in Q3 2021 to \$538k in Q3 2022 as the Company continued with its efforts to decrease costs and be more efficient with its resources.
- Sales and marketing expenses decreased 33% from \$462k in Q3 2021 to \$309k in Q3 2022 as the Company refocused marketing efforts on businesses and franchisees instead of end-user customers.

2022 Q3 Operational Highlights

- **New Merchants Agreements:** The company signed agreements with several restaurants to provide them with Perk’s new Online Ordering services and to develop Custom Branded Apps. Perk’s new online ordering feature is an easy-to-launch ordering solution that provides everything restaurants need to quickly start accepting pickup and delivery orders through their existing website.

- **Launch of Custom Branded App:** In July 2022, the company completed the build of custom branded apps for Chun Fun How and SoyTalk. Perk Hero has automated its platform and processes so that it takes minimal work from the development team to generate each new custom branded application within one day.
- **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.
- **Sale of Remaining HRO Shares:** On June 29, 2022, the Company's subsidiary Perk Hero Software Inc. entered into a share purchase agreement for the sale of its remaining balance of 5,100,000 common shares of HRO at \$0.08 for gross proceeds of \$408,000. These shares are subject to an escrow agreement, to be released in tranches of 1,275,000 shares every nine months. The sale was completed on August 16, 2022.
- **ATM raise:** Between June 1, 2022 and July 13, 2022, the Company issued 3,970,000 common shares through its at-the-market program at an average price of \$0.023 for gross proceeds of \$92,487. Commissions paid were \$2,775 for net proceeds of \$89,712.
- **End of At-the-Market Equity Program:** On July 14, 2022 the Company announced it has ended its at-the-market equity program. The Company raised a total of gross proceeds of \$3,241,596, since announcing the program on July 29, 2020.
- **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 August 31, 2022

- Recruited a new Director of Sales who will be focused on signing up larger customers and enterprise accounts.
- The Company is exploring ways to increase our cash position, including potential equity, debt financing and special bank loan programs that are available as part of Government of Canada programs for startups.

The Company's strategic priorities for the balance of 2022 include:

- Continued improvement of the Perk Hero platform.
- Developing integrations with leading restaurant point-of-sales systems.
- Growing the number of end-user customers, restaurants and franchisees using our platform.
- Expanding our digital franchise program in Canada.
- Expanding our digital franchise program to the United States.
- Growing our licensing revenue.
- Investing in sales, marketing, and communication strategies to drive growth.

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, 2022, 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, the digital franchise company helping businesses transition to the digital economy. Perk Hero provides restaurateurs with friendly and reliable digital ordering, payment and loyalty tools to help them survive and thrive in a difficult economic environment. 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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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, its work towards Point of Sales integration, that we expect to see a continuing increase in customer adoption, confidence that we can grow our revenue as we continue to build innovative technology and help more and more entrepreneurs digitize their businesses, the goal of reaching profitability in the next twelve to eighteen months growing the number of end-user customers, restaurants and franchisees using our platform, expanding our digital franchise program in Canada, and expanding our digital franchise program to the United States. 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.