



Perk Labs Reports Second 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, July 29, 2021 — Perk Labs Inc. (CSE: PERK / OTCQB: PKLBF / FKT: PKLB) (“Perk Labs” or the “Company”) the parent company of Perk Hero, the mobile commerce platform with exclusive perks on curated lifestyle products and digital gift cards, today announced financial results for the second quarter ended May 31, 2021.

Overview

During the second quarter, Perk Hero iterated on its platform with the release of a universal shopping cart, a proprietary payout system and multiple optimizations for users. These upgrades were a top priority for the Company in order to allow customers to shop simultaneously from a variety of brands and retailers on Perk Hero and to improve controls, insights and reporting functionality with respect to merchant payouts. A number of user interface upgrades were made to optimize navigation and checkout functionality.

The Company also hired Michelle Berg as Director of Marketing to help scale customer demand and acquisition as well as lead the Company’s branding, messaging and communications strategy. Previously, she was a group lead at Major Tom, an industry leading marketing agency.

“Perk Hero has a unique marketplace with products and gamified digital rewards that appeals to today’s shoppers,” said Ms. Berg. “I am excited to help build the Perk Hero brand and raise awareness to this new marketplace through data-driven digital marketing campaigns.”

The Company continues to prudently manage its working capital with \$1.9 million cash on its balance sheet and \$2.0 million in marketable securities. This has allowed us to invest more into research and development and accelerate our marketing efforts which we will continue to optimize in the coming quarters.

“We enter the second half of 2021 with a significantly improved and upgraded platform that empowers eCommerce merchants and restaurants with an omnichannel ecosystem that connects their offline business to their digital operations in a simplified way”, said Jonathan Hoyles, CEO, Perk Labs. “One of our top priorities now is to grow customer demand for our merchants by providing consumers with a convenient and highly incentivized way to earn cryptocurrency by simply making purchases through our platform. We are also excited with the prospects of new revenue opportunities such as the licensing agreement with Century Services, which we believe provides a model we can replicate in other cities to expand our business across North America.”

As at May 31, 2021, Perk Hero had 109 restaurants and 128 third-party sellers on its platform with a total of 7,382 products and 91 gift card brands for sale.

2021 Q2 Financial Highlights:

- Working capital of \$3.0M in Q2 2021 compared to \$1.9M in Q2 2020 and \$792k in Q4 2020.
- Net loss of \$1.3M in Q2 2021 compared to a net loss of \$1.2M in Q2 2020.
- Revenue of \$1,085 in Q2 2021 compared to revenue of \$1,811 in Q2 2020. Revenue in Q2 2021 consisted primarily of third-party seller transactions which is recognized on a net basis as compared to prior quarters in which the Company sold products from inventory which is recognized on a gross basis. For Q2 2021, the Company’s focus was on improving its platform and checkout process and working on a number of overall quality improvements that were required after implementing upgrades. As such, consumer marketing initiatives were delayed to subsequent quarters until the upgrades and enhancements were complete.

- General and administration expenses decreased 24% to \$295k in Q2 2021 compared to \$386k in Q2 2020 as the Company continued to practise cost discipline.
- Research and development expenses increased 16% to \$204k in Q2 2021 compared to \$176k in Q2 2020 as the Company continues to invest in its technology platform.
- Sales and marketing expenses increased 8% to \$184k in Q2 2021 compared to \$170k in Q2 2020 as the Company continues to test and refine its marketing efforts to maximize return on ad spend.

2021 Q2 Operational Highlights

- **Strengthened the balance sheet:** During the six months ended May 31, 2021, the Company issued 15,641,000 common shares through its at-the-market offering filed July 29, 2020 at an average price of \$0.10 per share for gross proceeds of \$1,570,780. Commissions paid were \$47,123 for net proceeds of \$1,523,657.

The Company also issued 6,072,000 common shares through its at-the-market offering filed February 17, 2021 at an average price of \$0.12 for gross proceeds of \$709,085 and net proceeds of \$687,813. As part of the offering, the Company paid commissions of \$21,272.

- **Expanded relationship with InComm:** The Company signed an agreement with InComm Payments to distribute digital gift cards in the United States. Gift card categories available through the Perk Hero app in the US include online shopping, streaming services, gaming, home improvement and major restaurant chains. Perk has developed an innovative platform for the sale of digital gift cards, allowing users to buy for themselves, send to friends as gifts, save the digital gift card in the Perk digital wallet as stored value, earn cash back rewards on the purchase of digital gift cards, and earn rewards for referring digital gift cards to friends and family.

Highlights Subsequent to 2021 Q2

- **Implemented a merchant referral program and streamlined merchant onboarding:** The Company implemented a merchant referral program whereby people could receive a referral bonus for each successful merchant added to Perk Hero. Paired with Perk Hero's streamlined onboarding process, this will enable the Company to add additional merchants to its platform more quickly.
- **Initiated development of web-based portal:** The Company initiated development of a new web-based internal administration portal that provides its team with more advanced reporting and data analytics and allows it to strengthen and broaden Perk's internal controls. This is an important tool to be able to analyze the growth of Perk's business and will be used to configure promotions and the way products and brands are displayed on the app. This 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.
- **Launched a new channel partner program:** Perk Labs signed a reseller agreement with Century Services as its first partner in the program. Under the terms of the agreement, the Company will receive a recurring annual fee in addition to a percentage share of transaction fees. Century will have exclusive reseller rights for the restaurant vertical in the Greater Vancouver region and Perk will provide technical support. To support this new channel partner program, the Company has begun development of a new web-based restaurant ordering tool that is expected to be in high demand from restaurants, many of which are currently experiencing labour shortages.

Outlook

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

- Consumer marketing initiatives including digital marketing through programmatic advertising, search engine marketing, improving SEO, advertising on social media channels, influencer marketing, promoting special offers through email, push notifications, and SMS, exhibiting at special events, pop up shop, and product led growth initiatives including Perk Coin incentives for referrals, brand and product reviews, leaderboard status and badges.

- Continued development of the Perk Hero product through a series of build-measure-learn iterations and expanding upon its omnichannel commerce 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 cryptocurrency.

The Company's complete financial results are available in its Consolidated Financial Statements and Management's Discussion and Analysis for the quarter ended May 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 cryptocurrency 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 cryptocurrency. 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.