Freckle Ltd. Reports Financial Results for the Third Quarter of 2019

Double digit quarter over quarter growth from measurement and data products supplemented with improving traction from core Killi application

TORONTO, Nov. 6, 2019 /CNW/ - Freckle Ltd. (TSXV: FRKL) (the "Company"), a leader in privacy-compliant data and offline media measurement, announces its financial results for the three and nine months ended September 30, 2019 ("Q3 2019"). Please refer to the interim unaudited condensed Consolidated Financial Statements and Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2019 filed on SEDAR at www.sedar.com for more information. Unless otherwise stated, all dollar amounts are expressed in Canadian dollars.

HIGHLIGHTS FROM Q3 2019

- Revenue of $0.9 million – a 14% increase over Q2 2019 and 3% over the same quarter in the prior year;
- Strong performance in quarter over quarter key financial drivers for the Killi application when compared to the second quarter of 2019. The Company is focused on initiatives to continue to drive these metrics going forward. A summary is listed below;
  - Increase of 18% in Average Revenue Per User ("ARPU") Q2 2019 to Q3 2019
  - Improvement of Cost Per Acquisition ("CPA") by 30% Q2 2019 to Q3 2019
  - Cost reduction of 6% of internal surveys for Killi Q2 2019 to Q3 2019
  - Implementation of a leading global research survey provider into core Killi application, introducing a new recurring, international revenue line.
- Recurring revenue increased to 72% compared to 68% in Q2 2019 and 30% in 2018;
- Data sales expanded over 500% in Q3 2019 vs Q2 2018
- Entered into partnerships with Quan Media, Giant Media and Neustar in order to expand the distribution of Freckle data and measurement products to new customers in a growing US market; and,
- Exited the quarter with $4.2 million in cash, no debt, and $4.3 million in working capital.

MANAGEMENT COMMENTARY

"The third quarter of 2019 was a strong period of development for the Freckle product suite and the Killi app," said Neil Sweeney, CEO of Freckle. "We saw our core revenues in Freckle increase overall while at the same time improving the sales mix by moving towards better margin and stronger recurring revenue streams. In addition, we continued to advance our partnership agreements with a number of announcements with firms in the data, research, outdoor advertising and video spaces over Q3 with additional Q4 announcements already in market. Most importantly, we continued with the development of our identity product, Killi, a mobile application that is available in the USA and Canada for both iOS and Android. We made significant strides in implementing external surveys within the Killi application, allowing us to improve our core revenue metrics for Killi users and establishing a new revenue model that we are focused on growing in the coming quarters.

We believe the market is moving very quickly towards a position that will require consumer opt-in for data use. As a company that has been working in this space for over a year we are focused on growing this product suite in order to serve a market with an insatiable appetite for this data. We plan to expand Killi to incorporate additional revenue and data control modules for consumers while looking to expand outside of the application to other areas where consumer data is currently collected. Our balance sheet is solid; our team is growing and enthusiastic; and I look forward to providing further updates as we continue to build the only data privacy compliant solution that is focused on addressing privacy and compliance across all 50 U.S. states and internationally ."

BUSINESS OUTLOOK

The Company's overall objective is to continue to grow Freckle's business with stable recurring revenue while also building Killi into the leading global direct-to-consumer (DTC) platform for data privacy. We will continue to improve the key Killi metrics to drive the cost of acquisition down while increasing the average revenue per user per month to reduce the disparity between the lifetime value of a Killi user and their acquisition cost. Once at a neutral position with Lifetime Value

("LTV") and CPA the Company will then apply more traditional methods of scaling users as doing so should be cash neutral.

Key Goals for the Fourth Quarter of 2019

- Expand the Killi application outside of the North American market;
- Introduce an additional third-party research engine into the Killi application, increasing ARPU for Killi;
- Add incentivized video module to the Killi application in order to increase ARPU for Killi;
- Improve the user interface (UI) of the Killi application to improve engagement and user retention;
- Secure and announce an international data distribution deal to expand the global presence of Freckle;
- Secure and announce another significant partnership in Q4; and
- Demonstrate quarter over quarter revenue growth in Q4 at similar rates realized in Q3, while sustaining the current recurring revenue.

CONFERENCE CALL TO DISCUSS Q3 2019 FINANCIAL RESULTS

President and CEO Neil Sweeney and CFO Andrew Elinesky will host a conference call to discuss the results at 8:00am EST on Thursday, November 7, 2019. All interested parties are invited to participate in this conference call and should dial the numbers below 10 minutes before the starting time.

Date & Time:	Thursday, November 7, 2019 - 8:00 AM EST	
Dial-in number:	Toll Free: Toll/International:	(877) 830-2591 (785) 424-1738
Conference ID:	95847	
Replay:	A link to a recording of the conference call will be available on Freckle's website.	

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this press release are forward-looking statements and are prospective in nature. Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements, including: the receipt of all necessary regulatory approvals, capital expenditures and other costs, financing and additional capital requirements, ability to secure additional sales, ability to negotiate partnerships on favorable terms, and user acceptance of the improved UI. These statements generally can be identified by the use of forward-looking words such as "may", "should", "will", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or "continue", or the negative thereof or similar variations. Forward-looking statements in this news release include statements regarding: expansion of the Killi application outside of North America; introduction of an additional third-party research engine in the Killi application; increasing ARPU for Killi; addition of incentivized video modules to the Killi application; improvement of the Killi UI; improvement of the engagement and user retention; securing an international data distribution deal; expansion of Freckle's global presence; securing additional partnerships in Q4; quarter over quarter revenue growth in Q4; sustaining current recurring revenue; building Killi into a legal global DTC application for Data Privacy; and, improving key data metrics. Although management of the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Corporation assumed no obligation to update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws.

The securities of the Corporation have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirement. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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