



## Perk Labs Reports Second Quarter 2020 Results

**Vancouver, Canada, July 23, 2020** — Perk Labs Inc. (CSE:PERK / OTCQB:PKLBF / FKT:PKLB) (“Perk Labs” or the “Company”), today announced financial results for the second quarter and period ended May 31, 2020.

### Overview

In the second quarter, we continued to see a significant reduction in our general and administrative expenses. We also continued investing in our product development. In response to the decrease in in-restaurant dining transactions, the Company has invested in improvements to its offerings for mobile ordering and contact free payments. As a result of the dine-in restrictions, new users and new restaurants have joined our platform as a way to experience pre-order and pick-up and self-managed delivery. Further we have expanded into new verticals as other types of business have seen a need to adopt mobile ordering, and contactless payments such as payment by quick response codes or payment by taking a photo of a bill as a better way to serve their customers and provide a safe environment for their employees.

“In the second quarter of 2020, we witnessed an unprecedented level of macroeconomic uncertainty that has disproportionately affected independent local businesses, especially restaurants” says Perk Labs’ CEO Jonathan Hoyles. “In response to this crisis, we made it part of our mission to support local businesses with the mobile-first digital tools to help them recover and prosper. The shift in consumer behavior towards mobile commerce has accelerated as a result of the COVID-19 pandemic. We believe that by focusing on empowering merchants with digital tools such as mobile ordering, self-managed delivery, contactless payment, and digital loyalty, both we and our merchant partners will be better positioned to emerge from this crisis in a position of strength.”

### **Q2 2020 compared to Q2 2019 - Financial Highlights (all figures are rounded to the nearest thousand):**

- Working capital of \$1,861,000 at May 31, 2020 compared to \$6,947,000 at May 31, 2019 and no long-term debt (May 31, 2019 - \$Nil).
- General and administration expenses decreased for the six months ended May 31, 2020 to \$1,022,000 (May 31, 2019 - \$3,733,000) as a direct result of right-sizing the Company to respond to our business needs more efficiently with reduced head office expenses and improved accountability and visibility across teams.
- Sales and marketing decreased for the six months ended May 31, 2020 to \$327,000 (May 31, 2019 - \$821,000) as a result of tightening expenditures.
- Net loss of \$2,437,000 or \$0.02 per share in Q2 2020 compared to net loss of \$2,083,000 or \$0.02 per share in Q2 2019.

### **Q2 2020 Financial Highlights:**

- Revenue of \$8,000 in Q2 2020 decreased 47% from \$15,000 in Q2 2019.
- Operating expenses of \$1,515,000 decreased 71% from \$5,158,000 in Q2 2019.
- Loss from operations was \$1,507,000 or \$0.01 per share in Q2 2020, decreasing 71% compared to \$5,143,000 or \$0.04 per share in Q2 2019.
- Net loss of \$2,437,000 or \$0.02 per share in Q2 2020 compared to net loss of \$2,083,000 or \$0.02 per share in Q2 2019.

## Q2 2020 Highlights:

- **Launched *Perk Hero*.** Our new platform features new capabilities: pre-order and pick-up; contactless payment using Apple Pay, Google Pay and Alipay; a gamified loyalty program; and merchant analytics. *Perk Hero* replaces the Company's original mobile payment solution, *Glance Pay*. *Glance Pay* experienced a decrease in transactions as a consequence of the closure of in-dining restaurant services due to the COVID-19 pandemic. In order to save server-hosting and maintenance costs, the Company shut down *Glance Pay* on April 14, 2020.
- **Appeared on *CityTV News*.** On April 9, 2020, the Company CEO appeared on *CityTV News* at 11:00 p.m. to discuss the delivery charges by current mobile apps to restaurants. The profile can be viewed at this link: <https://www.citynews1130.com/video/2020/04/09/canadians-encouraged-to-order-takeout-food/>.
- **Launched a marketing campaign encouraging merchants to sign up for *Perk Hero*.** During the ongoing crisis, the Company is offering special reduced rates to support the restaurant and service industry and small businesses. This campaign resulted in more than 20 new merchants signing up for the *Perk Hero* app within the first month of launch.
- **Launched a special promotion to healthcare workers in Vancouver, BC.** The Company activated all of its social media channels and offered a special promotion by providing an in-app credit to healthcare workers in Vancouver, BC.
- **Unveiled the design of its new contact free payment method for safe-distance payments.** In contrast to contactless payments, "contact free" payments require absolutely no touch and can be made from a safe physical distance.
- **Launched entry into new verticals.** With our new contact free payment method, *Perk Hero* began targeting new verticals such as dental clinics, medical professionals, retail stores, and health and beauty establishments.
- **Refer-A-Friend feature added to *Perk Hero*.** When users refer a friend to the app, they will receive rewards each time their friend makes a purchase. This provides an incentive for users and "super connectors" such as social media influencers to use referral links when recommending a particular business while using our app.
- **Delivery feature added to *Perk Hero*.** This provides our merchants the ability to offer their own area delivery at a reduced cost to other delivery apps while providing loyalty rewards and ongoing engagement opportunities to our customers for their patronage.
- **Appeared on *Global News Hour at 6 BC*.** On May 28, 2020, the Company CEO appeared on *Global News Hour at 6 BC* to discuss the delivery charges for current mobile apps to restaurants and our 5% charge to merchants for their own area deliveries. The profile can be viewed: <https://globalnews.ca/video/7001085/vancouver-mayor-calls-for-online-food-delivery-apps-to-lower-fees>.
- The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

## Highlights Subsequent to May 31, 2020:

- **Launched the “Keep It Local” marketing campaign.** This campaign encourages local merchants to sign up for *Perk Hero* during the “Keep It Local” campaign. We also leveraged this campaign via the *Daily Hive Vancouver’s* digital channels with a target audience reach of over 40,000 people.
- **Hired Norman Tan as Vice President, Finance.** Prior to joining the Company, Norman served as the Chief Financial Officer at Lendified Holdings Inc. Prior to joining Lendified, Norman worked in Deloitte’s audit and assurance practice where he worked with finance leaders in industries including fintech, manufacturing and professional services. He has also held roles in management consulting, technology equity research and private equity. Norman received his B.Comm from the University of British Columbia, his MBA from Queen’s University and is a CFA Charter holder.
- **Expanded its sales team.** The Company ramped up its sales efforts by adding three new members to its sales team.
- **Filed a Short Form Base Shelf Prospectus.** On July 17, 2020, the Company filed a Short Form Base Shelf Prospectus with the British Columbia Securities Commission and using Multilateral Instrument 11-102 *Passport System*, filed the prospectus in all the provinces and territories of Canada.
- **Order from Table feature added to *Perk Hero*.** This feature provides restaurants who must now adhere to limited dine-in capabilities with advanced tools to provide a seamless full service dine-in experience with limited staff-to-guest physical contact and for the customer to have the ability to order at their convenience.
- **Funding Received Under the Canada Emergency Wage Subsidy Program.** To date, the Company has received \$80,726 under this federal program to assist employers during the COVID-19 pandemic.

## Outlook

The Company’s strategic priorities for the remainder of fiscal 2020 include:

- Continued development of the *Perk Hero* product through a series of build-measure-learn iterations and moving beyond the restaurant vertical.
- Building an exceptional and world-class brand with a focus on high quality content.
- Increasing the number of merchants and users using the *Perk Hero* platform.
- Using data, technology, and inbound selling to ramp up sales and revenue generation.
- Sign enterprise accounts for the Company’s white label solution.

The Company’s complete financial results are available in its Condensed Interim Consolidated Financial Statements and Management’s Discussion and Analysis for the six months ended May 31, 2020, each of which have been filed with Canadian securities regulators at [www.sedar.com](http://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](http://www.perklabs.io)

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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 by focusing on empowering merchants with digital tools such as mobile ordering, self-managed delivery, contactless payment, and digital loyalty, both we and our merchant partners will be better positioned to emerge from this crisis in a position of strength, that the Company will give merchants the ability to offer their own delivery in their desired surrounding area while rewarding their customers for their patronage and engagement, the continued development of the Perk Hero product through a series of build-measure-learn iterations and that the Company will move beyond the restaurant vertical, 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 of sales and revenue generation, that the Company will sign enterprise accounts for the Company's white label solution. 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](http://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.*