



Perk Labs Reports Third Quarter 2020 Results

Vancouver, Canada, October 26, 2020 — Perk Labs Inc. (CSE:PERK / OTCQB:PKLBF / FKT:PKLB) (“Perk Labs” or the “Company”), today announced financial results for the third quarter and period ended August 31, 2020.

Overview

As a result of investments made in the prior quarter, the Company was able to successfully launch new product offerings to users including dropshipping and Perk Hero branded stores. This coupled with marketing initiatives led to growth in both merchants and users. The revenue earned by the Company in the third quarter was primarily generated by a test program of the sale of gift cards through the Perk Hero branded stores in the last two weeks of August. The Perk Hero app continues to evolve and offer a unique feature set that we believe will poise us for growth.

“I am proud of our team for continuing to innovate our product.” says Perk Labs’ CEO Jonathan Hoyles. “We have seen early success with our dropshipping merchants and have been able to help them increase their customer base while earning sustainable commissions for both Perk Labs and merchants. We are continuing to support local businesses with mobile-first digital tools and will be continuing to roll out improvements in the near future. We believe that our community commerce mobile platform will enable us to expand into other markets more quickly due to a more streamlined onboarding process for dropshipping merchants and low cost requirements.”

Q3 2020 Financial Highlights (*all figures are rounded to the nearest thousand*):

- Revenue of \$10,000 in Q3 2020 increased 7% from \$9,000 in Q3 2019 and positive increase from \$2,000 in Q2 2020.
- General and administration expenses decreased for the nine months ended August 31, 2020 to \$1,335,000 (August 31, 2019 - \$4,381,000) 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 nine months ended August 31, 2020 to \$495,000 (August 31, 2019 - \$1,151,000) as a result of tightening expenditures.
- Net loss of \$744,000 or \$0.01 per share in Q3 2020 compared to net loss of \$3,679,000 or \$0.03 per share in Q3 2019.
- Working capital of \$1,136,000 at August 31, 2020 and no long-term debt.

Q3 HIGHLIGHTS

- **Initiated at-the-market equity program:** 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. On July 29, 2020, the Company announced an at-the-market equity program that allows the Company to issue and sell up to \$2,000,000 of common shares of the Company from treasury to the public, from time to time, at its discretion. For the period ended August 31, 2020, the Company issued 384,000 common shares through its at-the-market program for proceeds of \$21,220.
- **Launched mobile commerce feature supporting drop shipping.** The Company expanded the capabilities of the Perk Hero app by enabling mobile commerce (m-commerce) functionality. This feature enables brick and mortar and online businesses to sell products that will be shipped directly to consumers. As at August 31, 2020, Perk Hero had a total of 102 merchants across its entire platform.

- **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.
- **Launched multiple marketing campaigns for user and merchant acquisition.** The Company launched multiple campaigns including its “Keep It Local” campaign to attract merchants and “\$1/5/10” promo to attract users to its app. These two campaigns were highlighted in the *Daily Hive Vancouver*’s digital channels with a target audience reach of over 40,000 people.
- **Launched the first Perk Hero branded store:** The Company launched its own branded store in which it sold products that it held in its inventory, including physical gift cards. The successful launch of this store provided valuable insights into the desires of Perk Hero’s user base and helped validate the Company’s product strategy.
- **Appointed Norman Tan as full time Chief Financial Officer.** 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 Charterholder.
- **Funding Received Under the Canada Emergency Wage Subsidy Program.** To date, the Company has received \$226,327 under this federal program to assist employers during the COVID-19 pandemic. The total amount claimed under this program for the nine months ended August 31, 2020 was \$280,890. \$54,563 was booked as a receivable.
- **Approved for Canada Emergency Commercial Rent Assistance (CECRA):** The Company was approved under this federal program which provides commercial rent assistance for small businesses. The initial approval was for April, May, and June. The net impact of this rent assistance is a reduction of \$29,993 against rent expenses.

HIGHLIGHTS SUBSEQUENT TO AUGUST 31, 2020

- **Launched Web Payments:** Perk Labs launched the addition of a web browser payment feature (web pay) that enables no-contact payment. The web pay feature gives businesses the opportunity to introduce Perk Hero to their customers, without the requirements of downloading the Perk Hero app in order to complete the transaction and is ideal for those in a quick pay scenario, such as dental office patients, spa, salon or barbershop clients.
- **Launch at select EasyPark locations:** The Company announced an agreement with EasyPark to provide their customers with the convenience of paying for parking with their phone via the Perk Hero app at EasyPark’s busy Gastown and Pacific Centre parking locations located in downtown Vancouver. In addition, users are able to pay for their violation tickets through the Perk Hero App.
- **Appointed Daniel Zou as Chief Operating Officer.** In Mr. Zou’s new role as COO, he will be responsible for the Company’s operations and in particular, setting revenue targets for the Company’s sales, marketing, and customer success teams and driving the performance of those teams. Prior to joining Perk Labs, Daniel was Head of Business Development at Alipay Canada, a global digital payment and lifestyle platform serving over 1.2 billion users globally.

- **Continued to raise money through its at the market offering:** Subsequent to quarter-end, the Company issued 3,247,000 shares at an average price per share of \$0.043 through its at-the-marketing offering for gross proceeds of \$140,105. Commissions paid were \$4,203 for net proceeds of \$135,902.
- **Launched Perk Hero branded stores:** Expanding on its m-commerce strategy, Perk Hero launched several of its own themed stores which include Beauty, Body and Personal Care, Work from Home Essentials and Green Your Home. Each store contains curated products that were selected to meet the needs of our users.
- **New focus on retail verticals:** Based on the Company's results from the third quarter, management decided to shift the Company's focus away from the food and beverage vertical to focus more on dropshipping merchants and Perk Hero managed stores. Management believes that this is the prudent decision to make because of increased spending on customer acquisition and retention from significantly better funded competitors. Additionally, onboarding additional food and beverage merchants will require additional capital investments for hardware to provide to the merchants.

In contrast, focusing on retail allows Perk Hero to earn greater commissions and onboard merchants more quickly as there are no capital requirements for hardware. Management believes that this model is more scalable and allows Perk Hero to enter new markets faster.

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 expanding its drop shopping and Perk Hero branded stores.
- 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.

The Company's complete financial results are available in its Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis for the nine months ended August 31, 2020, each of which have been 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

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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, the Perk Hero app will continue to evolve and offer a unique feature set that we believe will poise us for growth, that our community commerce mobile platform will enable us to expand into other markets more quickly due to low capital requirements required with onboarding dropshipping merchants, 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, and that the Company will ramp up of sales and revenue generation, and 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. 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.