

Q&A with Jonathan Hoyles, CEO of Perk Labs



CSE: PERK

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Jonathan, back in the Glance Technologies days Perk Labs used to be a mobile payments platform focused solely on the food & beverage industry. In 2020, the Company re-branded completely and shifted towards mobile commerce and curated lifestyle goods. What made you pivot?



Almost overnight we witnessed the pandemic bringing mobile payments in the restaurants to a halt which initially caused us to make a quick shift towards mobile ordering in restaurants. However, after some time it became clear that the market was dominated by Uber Eats and DoorDash. Competing with these companies would have been counterproductive. On top of that, to scale up servicing restaurants requires a large sales force and customer service team, and it is expensive to set up restaurants with the necessary equipment too.

After thorough industry research, we realized there were bigger opportunities elsewhere. The pandemic has prompted dramatic shifts in consumer behaviour causing more and more consumers to buy products online, which has resulted in huge opportunities for digital marketplaces and companies that offer products directly to consumers. As a mobile payments business at its core, we saw that this was the best place for us to invest our efforts into. This is how the Perk Hero platform was born - the all-in-one mobile ordering, contact-free payments and loyalty app. Glance Technologies subsequently re-branded into Perk Labs Inc. Our current business model is much lighter, our team is able to operate remotely, and our product offering is more competitive and in line with the industry trends.

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Speaking of your business model, what lies at its core?



Our model is similar to other marketplaces like Etsy or Amazon. We make a commission on every transaction made on the Perk Hero platform. Our commission rate varies depending on the product: digital gift cards, eCommerce products, or food and beverage.

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You have recently announced that the Perk Hero app now has a custom Shopify integration. Why would Perk need it? What kind of advantages does it give to your customers and merchants?



Integration allows us to quickly and easily onboard Shopify merchants to the Perk Hero platform by a single click of a button, which is a big incentive for companies. Catalogue information such as title inventory pricing and processing of the orders through Shopify are now auto synced too. For us, this means being able to onboard larger and higher volume merchants that require integrated solutions. For customers, this means access to an ever-increasing selection of high-quality products to choose from.

Overall, we see Perk's Shopify integration as a very important milestone that will help us scale up the number of merchants and build out our product supply at a much accelerated pace.

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Where are most of your merchants based? Is it still predominantly British Columbia?



The majority of merchants are located in British Columbia, yes. However, we've been signing up more and more merchants across Canada and we recently started sourcing products from a US drop-shipping supplier, so the situation is about to change.

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Your app is now available in Canada and the US. Are you expecting further geographic expansion in the next few years?



We may consider expanding to other geographies and looking at things such as a licensing model. Right now, though, there's a huge opportunity for us in both Canada and the US. That is what we are focused on.

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Perk now has 3 distinct product lines: mCommerce, digital gift cards and seller tools. Where do you see the most growth happening in the near term?



Currently, our bestselling item is the digital gift cards, but we expect that in the near term the revenue generated by our mCommerce business will surpass our digital gift card sales. Over the long term, due to the nature of our model, I expect to see the biggest growth to be generated by our seller tools.

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The marketplace has recently seen a significant rise in new enterprises operating in the mobile payments/ eCommerce business. What makes Perk stand out?



There are a few things that make Perk stand out. First, we've built our marketplace to be more engaging, rewarding, and convenient than a lot of other platforms out there. It offers an element of gamification to the process of mobile commerce, designed in a way that encourages consumers to become loyal users of the platform and keep coming for more. We think that our cashback loyalty reward system is unique and represents a competitive advantage.

Perk has also invested in making the onboarding process for new merchants very simple and easy. In terms of the product selection, since the platform inception we've been focusing on products that are eco-friendly and ethically sourced as we see growing demand for those types of products from our key target demographics. That is a huge and long-term trend right now. We care about the quality of our offering as much as our customers do, which is not that easy to find in the industry these days.

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Why should investors look at your stock now? What are some of the catalysts that could drive the stock price in the next 3-4 months?



I think the biggest thing to look out for in the next few months is the growth in the overall size of our marketplace. Right now, we are focused on building out our product shelf and adding new merchants by way of ramping up our digital marketing capability. The more merchants sign up on our platform, the more aggressive our digital marketing campaign targeting consumers will become. This strategy should lead to increasingly higher gross merchandise volumes which would result in the growth of the value of our Company over time.