

Hank Payments Revenue Grows 27% on Continuing 90% Margins

Provides Corporate Updates

Toronto, Ontario--(Newsfile Corp. - August 8, 2022) - **Hank Payments Corp.** (TSXV: HANK) ("**Hank**" or the "**Company**"), a North American leader in consumer Fintech Software-as-a-Service (SaaS) that supports consumer budgeting, cash management and payment automation through its secure, modern, automated and best-in-class proprietary Cloud-based technology solution and related intellectual property (the "**Hank Payment Platform**") is pleased to provide its fourth quarter financial and corporate update for the period ending June 30, 2022.

FINANCIAL HIGHLIGHTS

- Revenue for the fourth quarter ended June 30, 2022, grew 27% year over year to \$1,479,074;
- Gross margins remain strong at 90%;
- Revenue quarter over quarter grew 7% as the Company continues to benefit from the recovery in the auto industry and ahead of launching SaaS enterprise license transactions which are expected to be highly accretive to margin, cash flow and Annualized Recurring Revenue (ARR);
- \$1,200,000 of annualized corporate overhead costs savings.

CORPORATE UPDATES

As previously announced during its second quarter, an existing channel partner had agreed to migrate a portfolio of approximately 600 mortgages onto the Hank Payment Platform representing growth of approximately US\$110,000,000 in Hank's Liabilities Under Management ("LUM"), while contributing to Monthly Recurring Revenue, ARR and gross margins. Hank is pleased to report that the migration of the mortgages was successfully completed as planned.

On the talent acquisition / retention front, and as part of Hank's planned business model transition to a SaaS enterprise licensing emphasis and resulting alignment of internal resources, the Company has appointed Jim Bottrell as Senior Vice President of Technology who possesses over 30 years of technology, project and SaaS experience, with expertise in designing and implementing the complex technology and banking workflows, managing various aspects of operations including annual bank audits, and product planning and strategy, making him the ideal candidate to continue to evolve and refine Hank's enterprise offering - a platform he was instrumental in designing.

Over its fourth quarter, Hank also started executing on previously announced planned operating costs efficiencies amounting to savings of over \$100,000 a month (\$1,200,000 annualized). The complete benefits of these efficiencies will be fully realized commencing shortly, in the month of September, 2022, and the Company started realizing material savings in Q4. At the same time, Hank continues to remain laser focused on implementation and development of key enterprise customer and channel partnership arrangements that are expected to provide material customer growth in several market segments. These wins will be even more accretive to cash and earnings, when combined with Hank's very efficient cost base.

[Independent market research](#)¹ shows that the majority of consumers interested in digital bill payment will pay for this service. Hank will be adding additional fee revenue to its enterprise accounts as they use Hank to increase their account fees, reduce their costs and delinquencies or offer Hank as a value added retention tool to their consumers or a combination thereof.

Michael Hilmer, Chairperson and CEO commented "We have made strategic decisions quickly to ensure we have the optimal operating footprint needed for the next phase in Hank's strategic evolution,

while remaining focused on the needs of customers and in support of our continued innovation plans. We as an organization are indeed fortunate that execution risks have been dramatically reduced given the maturity of our business and diversity of our product offering. Our target market is counter-correlated to the economy whereby challenging economic times result in even more cash stressed consumers requiring Hank's product offering and thus increased interest from both consumers and potential enterprise licensors of the Hank Payment Platform. As a result, Hank is within striking distance of being cash flow positive and we expect to invest cash resources prudently and in a judicious manner to support the exciting growth opportunities that are being presented to us, literally daily."

The Company is also pleased to announce that it has retained First Canadian Capital Corp. ("First Canadian") as a consultant to provide strategic marketing and investor relations services to raise Hank's investor profile. First Canadian is a tenured firm with significant references and reach, and they will initiate and maintain ongoing dialogue with retail brokers, analysts, portfolio managers and media groups to enhance market awareness of Hank. Costs of the First Canadian engagement are offset by other adjustments to budgets and are included in the annualized cost savings figures referenced above. Under the terms of the agreement with First Canadian, the Company will retain First Canadian at the extremely advantageous (to Hank) monthly rate of \$7,500 per month for a period of one year, subject to earlier termination rights, and has granted First Canadian 400,000 stock options at an exercise price of \$.20 (twenty cents) per share, thereby aligning First Canadian's economic interests with those of Hank and its shareholders, and which options shall vest in equal tranches over a period of 12 months beginning November 5, 2022. The agreement and related stock option issuance to First Canadian remain subject to the approval of the TSX Venture Exchange.

"First Canadian is very pleased to be working with Hank and extremely impressed with its experienced management team", stated Jason Monaco, CEO of First Canadian. "They have a successful track record and a well-crafted business plan. With an active acquisition strategy for key enterprise customers and existing channel partnership arrangements, it gives Hank Payments a strong customer base with recurring revenue which positions the Company to become a major success story and we are more than pleased to align our economic interests with those of Hank shareholders through extending to Hank an extremely attractive monthly retainer and in return, us having skin in the game with the anticipation that our real upside will be achieved over time through our stock option award as Hank rapidly grows its revenues in the way we expect it will."

The Company looks forward to reporting its fourth-quarter and annual audited financials for the year ending June 30, 2022, at the end of September, 2022.

¹Source: 51% Of Consumers Highly Interested In Digital Bill Pay Will Pay For The Service - [Consumers Interested in Digital Bill Pay | PYMNTS.com](https://www.pymnts.com/consumers/interested-in-digital-bill-pay/)

About Hank Payments Corp.

Hank is a SaaS based consumer Fintech company. One of the important vertical markets of the industry leading proprietary Cloud-based software Hank Payment Platform is to act as a consumer's financial budget manager using powerful technology and other intellectual property to automate a consumer's personal cash flow and payments. Through its FDIC (Federal Deposit Insurance Corporation) insured bank partners in the U.S., Hank helps consumers in all 50 States find funds in their existing cash flow and speed up the retirement of liabilities. The Hank Payment Platform instructs its banking partners to debit consumers when they have cash, store the money in FDIC insured accounts, then automatically pay bills and loans as they come due; often sooner than required. Approximately half of Hank's customers are financially sound, but time challenged and use the Hank Payments Platform for convenience, while the other half are looking to improve their on-time payment performance and improve their credit scores using Hank Payment Platform. Hank's customers pay setup and ongoing recurring monthly processing fees while remaining on the Hank Platform for an average of six years. Hank continues to innovate and anticipates launching more expansive state of the art features to its expected growing customer base to provide greater visibility into their cash flow, credit performance, and viability to borrow or refinance at

lower rates, including introducing Hank customers to interested lenders. For more information visit our website at www.hankpayments.com.

About First Canadian Capital

Based in Toronto and celebrating its 20th year, First Canadian develops strategic platforms for North American corporations that are utilized to gain exposure and recognition to the capital markets. First Canadian's core competencies are found in identifying quality assets and undervalued companies with high growth potential.

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Forward-Looking Statements

This news release may contain forward-looking statements (within the meaning of applicable securities laws) which reflect the Company's current expectations regarding future events. Forward-looking statements are identified by words such as "believe", "anticipate", "project", "expect", "intend", "plan", "will", "may", "estimate" and other similar expressions. These statements are based on the Company's expectations, estimates, forecasts, and projections and include, without limitation, statements regarding the future success of the Company's business. Financial performance figures in Canadian Dollars unless otherwise indicated by "U" representing United States Dollars.

The forward-looking statements in this news release are based on certain assumptions, including, without limitation, the Shares beginning trading on the TSXV. The forward-looking statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Several factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the Company assumes no obligation to publicly update or revise any forward-looking statement, whether because of new information, future events or otherwise.

FOR FURTHER INFORMATION PLEASE CONTACT:

For more information regarding Hank Payments Corp., please contact: Jason Ewart, EVP Capital Markets, at 416-580-0721. For Investor Relations please contact ir@hankpayments.com and visit the Company's website at www.hankpayments.com.

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