



NEWS RELEASE

HealthSpace Presents an Update from Its Chief Executive Officer

VANCOUVER, BC – October 10, 2019 - HealthSpace Data Systems Ltd. (the “Company” or “HealthSpace”) (CSE:HS) (Frankfurt:38H) (OTC:HDSLF) is pleased to present an update from Silas Garrison, the Company’s Chief Executive Officer:

As we enter the final months of 2019, I want to take a moment to address the status of the company, what we have accomplished and what is before us. This year has been transformative in numerous ways. We made significant product strides that allowed us to deploy to our customers more rapidly and across broader use cases. We gained market traction in key areas that open 2020 and future years for more aggressive growth. We have also formulated our internal team with streamlined processes that are key for scaling to meet the current growth as well as future demand.

Sales Pipeline - \$7m USD and Growing

Our current near term sales pipeline has over \$7m USD in multi-year contracts that has a high likelihood of closing within the next six months. This number continues to grow weekly as new deals are added and the market becomes increasingly aware and desirous of our powerful HSCloud and HSTouch product suites. Part of this pipeline includes deals such as the City of San Francisco Department of Environmental Health.

San Francisco gave us notice that we have met the Department's requirements for selection in response to their RFP for the Environment Health Management System. This means, once a contract is finalized in the coming months, we will close a deal worth north of \$1.5m USD over five years. This is significant for us in numerous ways. First, this will represent the largest single municipality contract the company has ever closed. Second, this being the first sale for the company within the State of California, we now have significant market opportunity in California. This alone represents millions of dollars in new sales opportunities.

My Health Department and Payments

We have continued to iterate out our My Health Department platform, an online portal targeted at the private businesses regulated by our customers. This platform will give us the opportunity to create better efficiencies in the regulatory process, both for our governmental customers and the constituents they serve. Further, there is a significant revenue opportunity to be generated from digitizing the payment collection on behalf of our customers.

As it stands today, we estimate our customers collect in aggregate over \$300m USD every year through licensing fees, fines, etc. This number is tracked through our accounting module via manual data-entry of payment records. It is a number that grows every year and every new contract contributes to growing that number significantly. As we aim to be the bridge between public and private sectors, we will be able to capitalize on this significant opportunity and create a revenue stream that will translate into a percentage of the aggregate amount. Long term, this will serve as a significant and continual stream of high margin revenue.

We have completed our alpha phase of testing of the payment platform and My Health Department. We are targeting a release of some initial features by end of year to begin onboarding private businesses to the platform and transacting online payments for a subset of our customers. We are treating the security and handling of government funds with extreme caution since our payment platform will far extend normal online payment solutions.

Annual Recurring Revenue and SaaS Metrics

At its core, HealthSpace is a Software as a Service (SaaS) company that serves the government market. It is important to note because, as investors in the public markets become increasingly aware of us, the valuation implied will largely be based on our annual recurring revenue (ARR) under contract. As of the trailing 12 months from Sept 30 of this year, we signed \$4.25m USD in new multi-year contracts. This translates into significant increases over time to our subscription revenue. We estimate our Fiscal 2020 subscription revenue will be above \$3m USD, up from \$2.024m USD in Fiscal 2018. We are targeting this to increase to over \$8m USD of contracted ARR by Q4 of Fiscal 2021.

These numbers will continue to grow as we tap into new areas of the market and verticals within the government space. Our cloud platform truly is unique in the space for its features, power and flexibility. We believe a better ecosystem should exist between state and local government regulators and private businesses. We are creating that ecosystem through unique cloud offerings and online platforms that continue to break the barriers of how government approaches regulation.

The future for HealthSpace is bright. According to Govtech Navigator, State and Local government agencies in the US spend over \$100 billion USD a year on Cloud and IT solutions. We are at the precipice of not just capturing a significant portion of this multi-billion dollar market, but also completely redefining what it means to implement a cloud solution within government. Further, we are changing the way both businesses and citizens interact with their local regulators. Long term, this will contribute to a more efficient ecosystem benefiting tens of millions of citizens and millions of private businesses all across the US and Canada.

We at HealthSpace are grateful to our customers for entrusting us with their business, to our fellow team members for the dedication and hard work we share, and to our shareholders for their trust and investment.

HealthSpace Data Systems Ltd.

HealthSpace is an industry leading technology company currently providing inspection, information, communication and data management systems for federal, state, county and municipal governments. Over the last decade, HealthSpace has successfully developed both enterprise and mobile internet-based applications currently serving over 300 state and local government organizations across North America. HealthSpace currently offers the only integrated inspection, administration and analytics product suite across all platforms in North America. Further, HealthSpace now delivers its government grade technologies to private businesses enabling them to gain visibility and predictability into their own organizations and move from a reactive to a proactive operational status. HealthSpace continues to deliver focused service and innovative solutions to government organizations, while expanding into commercial enterprise verticals to enable new customers with proactive environmental health best practices and policies. HealthSpace has now entered into the FinTech space by creating a payment platform that streamlines the intake of government revenue for the agencies it serves.

Forward-Looking Statements

This release may contain forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although HealthSpace believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward looking statements. HealthSpace expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

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