



## NEWS RELEASE

### **HealthSpace Presents an Update from Its Chief Executive Officer**

**VANCOUVER, BC – June 7, 2021** - HealthSpace Data Systems Ltd. (the “Company” or “HealthSpace”) (CSE:HS) (OTCQB:HDSLFF) (Frankfurt:38H) is pleased to present an update from Silas Garrison, the Company’s Chief Executive Officer

HealthSpace has had a strong start to the year with US\$3.8M in new deals announced in the first quarter of 2021, and US\$5.6M in deals since the start of the year. Our growing team has put in long hours and gone the extra mile in order to deliver the best solution and service for our customers. This effort has resulted in rising revenues and greatly contributes to our ability to continue to grow in our core market. Based on current visibility and the conditions of the government market, we anticipate achieving US\$8M in ARR under contract within the next 6-9 months.

#### **Increased Resources**

This past December we raised over CAD\$6M million in equity. This has enabled us to bring on the substantial resources needed to deal with more aggressive R&D and feature development strategies, as well as handle the increasing volume of customers. We have nearly doubled the number of team members over the last 9 months, with over 30 new hires, and have 74 full-time team members today. A portion of this staffing is in anticipation of where our pipeline is headed for the remainder of the year

We have begun to bring on seasoned team members who will help shape the company as we mature and scale. Paul Victor joined as our Head of Engineering in March. Mr. Victor brings with him a wealth of experience serving in senior technical leadership roles at numerous organizations ranging from the US Department of Defense to Best Buy. He is an expert when it comes to delivering software faster and more reliably for large organizations.

We also welcomed Chirag Bhatt who joined the team in May as Director of Regulatory Affairs for Environmental Health. Mr. Bhatt is an expert in the realm of environmental health and food safety and is highly regarded in the industry. He has a great depth of experience in government, having formerly served as the Bureau Chief for the City of Houston’s health department and has since worked for several notable names in the private sector, such as Sysco and Bloomin’ Brands.

#### **Sales Pipeline**

I am immensely proud of the growth our sales team has generated, especially in a time where getting customers' attention can be extremely challenging. Despite ongoing challenges presented by the pandemic, the sales pipeline has increased every month so far in 2021. The total pipeline of deals currently stands at over US\$22M which are expected to close over the next 12-18 months.

Since my last corporate update in November 2020, we have converted approximately US\$7.3M of the pipeline to either signed or contract awards. Annualized, this is an 80% conversion rate from the pipeline (contract numbers, not by dollars). As of today, the pipeline represents the addition of US\$6.8M in new deals added to the pipeline in 2021. The deals in this pipeline are of all sizes, ranging from US\$9,000 to over US\$5M.

The increased pipeline does not represent all agencies we have on our sales prospect list. In order to be included in the quoted pipeline, we have to be in talks with the prospective customer and they must be given a sales quote; something only done at the request of each prospective customer.

The largest single variable in converting pipeline to sales is timing. Government took time before the pandemic, and that has been magnified through the past year. However, we are beginning to see light at the end of the tunnel. In the US, there has been a big push for reopening and some semblance of normalcy is returning to the marketplace. We anticipate contract signings to accelerate for the balance of the year as our health department partners refocus on technology projects. There is an immense amount of pent up demand that has built as the pandemic has dragged on.

## **R&D and Innovation**

Our main focus as a company, outside of sales growth, has been on innovation. We have increased our engineering team and developed a product roadmap that will see us able to scale into new markets once fully executed. Part of this new roadmap is GovCall, which has already been met with great enthusiasm by our customers. We are also excited about new features for My Health Department and the launch HSPay - which we anticipate will begin generating revenue in 2021.

### **GovCall**

The launch of GovCall has profound implications for the growth of our company. It has been the fastest to revenue of any product/feature the company has ever released as was demonstrated with the May 28th announcement of Orange County. Not only is it applicable for immediate revenue in our core market of environmental health, it will allow us to expand into new markets with a key product differentiator which truly is a disruptive technology for government.

GovCall was chosen as our next product innovation after careful selection and consideration. We have close relationships with all of our customers and we listen intently to the needs of the market. Throughout the pandemic, and persisting to this day, there is a common theme wherein agencies are struggling with the “virtual” issue. We believe GovCall will not only serve the market needs of today, but will help shape their perception of what technology should be in the future.

### **HSPay**

We have been continuing our development and deployment of HSPay. We anticipate having several customers begin transacting early this summer which means HSPay will be generating revenue. HSPay has taken time to ramp up, with the development being done carefully and the rollout to customers with precision. Nearly every new contract signed over the course of 2021 has included a provision for HSPay. Not only are new customers signing on, but we have also begun to convert existing customers.

The State of Virginia Department of Health signed a contract amendment in late April to add HSPay to their HSCloud implementation. The first phase of rollout for HSPay in Virginia is scheduled for October. Annually, Virginia collects over 30,000 payments with amounts ranging from \$25 to over \$1,500 each. Once all phases are implemented, we believe the majority of the tens of thousands of payments will flow exclusively through HSPay.

### **My Health Department**

My Health Department continues to be a key product differentiator in the market. We are continually improving upon the platform by adding new features. The latest push allows for our customers to utilize My Health Department as a Content Management System (CMS) which allows government agencies to control what data and how they publish to the public online. CMS engines, such as Wordpress, are not applicable to government markets but the idea of having the ability to publish content online with a click of a mouse is much needed within government. Not only can My Health Department support custom content to be published online, but it does so from within HSCloud which means any or all of the regulatory data that underpins each department can be published with a click.

As we move into the second half of the year, we are confident the growth we have seen to date will not only continue, but will accelerate. The pent up demand for cloud products coupled with the continued innovation we push for, means our standing in the market only gets stronger. We continually strive towards our goal of helping government agencies operate more efficiently. Our team works long hours and gives great care to each implementation, each feature, each part of the process when it comes to delivering software for each of our customers.

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 software as a service company serving the state, provincial and local government market across the United States and Canada. HealthSpace's cutting edge platforms currently provide inspection, information, communication and data management systems that enable government agencies to operate more efficiently. HealthSpace's cloud and mobile based platforms are currently deployed in over 600 state and local government organizations across North America. HealthSpace currently offers the only fully integrated inspection, administration and analytics product suite across all platforms in North America. HealthSpace also delivers its government grade technologies to private businesses through its My Health Department platform, enabling citizens and private businesses to gain

visibility and predictability into their own organizations and move from a reactive to a proactive operational status. As HealthSpace continues to deliver focused service and innovative solutions to government organizations, the Company entered the FinTech space through its HSPay offering which serves as a payment platform that streamlines the intake of government revenue. Further, HealthSpace's GovCall platform offers one of the only teleconferencing and video collaboration platforms tailored exclusively for government agencies.

### **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", "pipeline", "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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