

**FORM 7**  
**MONTHLY PROGRESS REPORT**  
**For the Month of October, 2019**

Name of CSE Issuer: **Healthspace Data Systems Ltd. (the “Issuer”).**

Trading Symbol: **HS**

Number of Outstanding Listed Securities: **141,397,988 common shares**

Date of filing: **November 5, 2019**

**Report on Business**

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**HealthSpace develops and provides enterprise cloud and mobile solutions to governmental regulatory agencies, with a heavy focus on Environmental Health and Agriculture departments. The aim of the product suite is to streamline inefficiencies in the regulatory process and aid in all things from surveillance to business management, as well as compliance tracking and quality control applications as it relates to the regulatory process. Clients include over 300 government agencies with a segment of the product targeted at private sector businesses aimed to help them manage their regulatory data and better keep up with their required compliance.**

**HealthSpace’s ongoing engagement with government customers in both the US and Canada continues to drive aggressive growth and viable learning opportunities to continue to innovate its technology offerings. In 2019, the Company began expanding efforts to distribute the product line to a broader set of regulatory agencies which yield higher revenue streams. Such agencies include Code Enforcement and Building departments.**

**In addition to its core SaaS market, the Company is now developing a proprietary payments solution to create a governmental FinTech platform for online and mobile payments. This new platform will revolutionize the way State and Local governments agencies collect revenue from private businesses they regulate. This new platform will target the tens of billions of dollars these agencies charge to private businesses to allow them to operate. These charges include annual licensing fees, such as a restaurant permit, as well as application fees, fines and more. The Company will be**

able to share in the revenue through a profit share from payment processors and convenience fees charged to the local business. This new line of revenue is not only accretive to its current market, but also has the ability to far exceed the amount of revenue generated from software sales.

- On October 10, 2019, the Company's CEO, Silas Garrison, provided an update on the Company. Highlights included:
  - Significant product strides that has allowed the Company to deploy to customers more rapidly and across broader use cases.
  - Gained market traction in key areas that open 2020 and future years for more aggressive growth.
  - Formulated an 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**

- The Company's 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 if 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 provided notice that the Company 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, the Company will close a deal worth north of \$1.5m USD over five years. This is significant 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, it now has significant market opportunity in California. This alone represents millions of dollars in new sales opportunities.

#### **My Health Department and Payments**

- The Company continues to iterate out its My Health Department platform, an online portal targeted at the private businesses regulated by its customers. This platform will provide the Company the opportunity to create better efficiencies in the regulatory process, both for its 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 the company's customers.

- It is estimated that the Company's customers collect in aggregate over \$300m USD every year through licensing fees, fines, etc. This number is tracked through the Company's 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 the Company aims to be the bridge between public and private sectors, it 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.
- The Company has completed its alpha phase of testing of the payment platform and My Health Department. It is 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 its customers. The Company is treating the security and handling of government funds with extreme caution since its payment platform will far extend normal online payment solutions.

#### Annual Recurring Revenue and SaaS Metrics

- At its core, the Company 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 the Company, the valuation implied will largely be based on its annual recurring revenue (ARR) under contract. As of the trailing 12 months from Sept 30 of this year, the Company signed \$4.25m USD in new multi-year contracts. This translates into significant increases over time to its subscription revenue. The Company estimates its Fiscal 2020 subscription revenue will be above \$3m USD, up from \$2.024m USD in Fiscal 2018. The Company is targeting this to increase to over \$8m USD of contracted ARR by Q4 of Fiscal 2021.

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

2. Provide a general overview and discussion of the activities of management.  
**Please see item 1**
3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.  
**Please see description above.**
4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.  
**None.**
5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.  
**None.**
6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.  
**None.**
7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.  
**None.**
8. Describe the acquisition of new customers or loss of customers.  
**None.**
9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.  
**None.**
10. Report any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.  
**None.**
11. Report on any labour disputes and resolutions of those disputes if applicable.

**None.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

- **The Company is subject to a legal proceeding commenced by a service provider in November 2016. In June 2017 the Company filed a counterclaim to this service provider. Currently the Company is working with its legal counsel on the claim and counterclaim.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**None.**

14. Provide details of any securities issued and options or warrants granted.

**None.**

15. Provide details of any loans to or by Related Persons.

**None.**

16. Provide details of any changes in directors, officers or committee members.

**None.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**None.**

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CSE Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: November 5, 2019

Zula Kropivnitski  
Name of Director or Senior  
Officer

"Zula Kropivnitski"  
Signature

Chief Financial Officer  
Official Capacity

<b><i>Issuer Details</i></b>		
Name of Issuer <b>Healthspace Data Systems Ltd.</b>	For Month End <b>October, 2019</b>	Date of Report YY/MM/DD <b>2019/11/05</b>
Issuer Address <b>201 7491 Vedder Road</b>		
City/Province/Postal Code <b>Chilliwack, BC V2R 6E7</b>	Issuer Fax No. ( )	Issuer Telephone No. <b>1-866-860-4224</b>