



NEWS RELEASE

HealthSpace Presents an Update from Its Chief Executive Officer

VANCOUVER, BC – August 26, 2020 - HealthSpace Data Systems Ltd. (the “Company” or “HealthSpace”) (CSE:HS) (OTCQB:HDSL) (Frankfurt:38H) is pleased to present an update from Silas Garrison, the Company’s Chief Executive Officer:

It is safe to say 2020 is one for the history books. The turbulence and unpredictable nature of this chaotic year has thrown many businesses off course. We were not immune to the effects that COVID-19 wreaked on the world, from delays in finalizing contracts to slower AR collection. However, we are coming through this tumultuous time by not just surviving, but thriving.

In a time marked by consistently bleak news, we have been able to pivot and grow, showcasing our HSCloud platform’s power in new ways we had not envisioned at the start of the year. Since January, we were able to complete a financing, close over \$5.3M in new contracts and hire many new team members, facts I am very proud of. We have provided exceptional service, amazing products and furthered our reputation and standing in the government space, all during a time when the world largely came to a standstill.

Sales Growth

As we look to close out the final months of this year, we anticipate closing an additional \$6-8M in contracts. The timing can often be imprecise given the nature of working with government agencies and the numerous cycles contracts can go through as well as the forthcoming holiday season, which typically sees the government slow down some. With that, we have grown our current sales pipeline to over \$18M. We believe these deals have a high likelihood of closing within the next 12 months.

As at the end of our fiscal second quarter (Jan 31, 2020) our current cumulative SaaS annual recurring revenue ("ARR") stood at US \$3.2 million. As at the end of our fiscal year (July 31, 2020), we are at \$3.7M in ARR under contract. We expect to close this calendar year with \$4.2 - 5M in ARR under contract. Since the start of fiscal 2019, we have nearly doubled our ARR under contract. Between now and the end of calendar 2021, we expect to double our ARR under contract once again. Our goal is to reach \$10M in ARR within the next 12-18 months.

COVID Delays

While we have seen good growth, and the future of HealthSpace is bright, this year has not been without challenges. Our sales pipeline was delayed upwards of six months. We also saw delays in revenue collection due to nearly all of our customers going to telework status and having to adjust to performing

normal operations while at home. Additionally, some of our project implementations were delayed due to customers having to divert human resources away from deploying HSCloud to addressing COVID-19. The bright side is we are now hitting a normalized status and things have not only stabilized but have started to return to pre-COVID status as it relates to sales growth, project implementations and AR collection.

Continued Team Growth

In July we opened our 3rd North American office in Dayton, OH. Our team size has swelled to 41, up from around 20 just this time last year. We have continued to bring on new and talented team members, in multiple disciplines, in anticipation of the growth we see ahead of us. Each hire we have brought on has immediately made a positive impact towards revenue generation and I am proud to lead one of the strongest groups of people I have ever worked with.

Looking Ahead

One of the positive effects of the COVID-19 pandemic was our ability to pivot and expand into the public health market segment. As HealthSpace has an amazing track record of providing great solutions in the environmental health market, we are now pushing into the public health arena. Automated contact tracing brought about our initial introduction into the space, but contact tracing in realty is just the tip of the iceberg. HSCloud is being utilized for broader and deeper use cases in the areas of case management and patient monitoring at the public health level. According to the U.S. Bureau of Labor Statistics, the public health market segment has over 120,000 case workers that could use our software. This represents a potential \$180M addressable market opportunity for HealthSpace within the United States alone.

Going forward, we have seeded the ground in the environmental health market in such a way that we are on track for triple digit percentage year over year growth over each of the next 2-3 years. Helping government agencies become more efficient has always been our driving passion. We now have an opportunity to deploy HSCloud in the public health market; an area of government with larger budgets and similar needs. COVID-19 has helped accelerate the adoption of HSCloud by public health agencies for use in patient monitoring as it relates to disease surveillance and case management.

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 500 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", "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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