

FORM 7
MONTHLY PROGRESS REPORT
For the Month of August, 2020

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

Trading Symbol: **HS**

Number of Outstanding Listed Securities: **199,919,762 common shares**

Date of filing: **September 1, 2020**

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 500 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.

The Company is working with its clients to utilize the Company's HSCloud Suite platform for COVID-19 contact tracing.

- On August 26, 2020, the Company announced the following Company updates:

Sales Growth

The Company anticipates closing an additional \$6-8M in contracts by end of 2020.

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

COVID Delays

While the Company has seen good growth, and the future of HealthSpace is bright, this year has not been without challenges. Its sales pipeline was delayed upwards of six months. It also saw delays in revenue collection due to nearly all of its customers going to telework status and having to adjust to performing normal operations while at home. Additionally, some of its project implementations were delayed due to customers having to divert human resources away from deploying HSCloud to addressing COVID-19. The bright side is that HS is 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 the Company opened its 3rd North American office in Dayton, OH. Its team size is at 41, up from around 20 just this time last year. It has continued to bring on new and talented team members, in multiple disciplines, in anticipation of the growth ahead. Each hire that the Company as brought on has immediately made a positive impact towards revenue generation.

Looking Ahead

One of the positive effects of the COVID-19 pandemic was the Company's 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, its is now pushing into the public health arena. Automated contact tracing brought about its 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 its software. This represents a potential \$180M addressable market opportunity for HealthSpace within the United States alone.

Going forward, the Company has 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 its driving passion. It now has 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.

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.

- **On August 13, 2020, the Company announced it entered into an agreement with Vancouver Island Health Authority to begin implementing the Company's HSCLoud platform. The total value of the agreement is worth CA\$689,400.00 over the next five years.**

- **On August 18, 2020, the Company announced that it signed a contract with State of Colorado Department of Public Health & Environment ("Colorado", the "State" or the "Department"). The total worth of the contract is \$778,675 over the next five years.**

This contract follows the February 2nd announcement in which the Company was issued the bid award. The finalized contract, which kicks off the implementation of HSCloud Suite, now includes HSCloud's contact tracing module after the State requested use of it on August 12. The contract with Colorado covers the usage of HSCloud Suite to manage three regulatory programs along with contact tracing for COVID-19.

- **On August 20, 2020, the Company announced that it finalized an agreement with the State of Hawaii Department of Health ("Hawaii"). The total worth of the agreement is \$90,000 over the next three years. This agreement follows a successful pilot period that began on April 9th wherein HealthSpace worked closely with Hawaii to refine the Company's automated tracing platform capable of tracking communicable diseases on a broad scale, specifically that of COVID-19.**

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.

- **During the month of August, the Company filled the following positions:**

- **Full Stack Engineer**
- **Full Stack Developer x 2**
- **Sr. Data Analyst x 2**

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: September 1, 2020

Sheryl Dhillon
Name of Director or Senior Officer

"Sheryl Dhillon"
Signature

Corporate Secretary
Official Capacity

Issuer Details		
Name of Issuer Healthspace Data Systems Ltd.	For Month End August, 2020	Date of Report YY/MM/DD 2020/09/01
Issuer Address 201 7491 Vedder Road		
City/Province/Postal Code Chilliwack, BC V2R 6E7	Issuer Fax No. ()	Issuer Telephone No. 1-866-860-4224