



NOT FOR DISTRIBUTION TO THE U.S. NEWSWIRE OR FOR DISSEMINATION IN THE UNITED STATES

HS GOVTECH ANNOUNCES CLOSING OF DEBENTURE UNIT OFFERING LED BY ECHELON WEALTH PARTNERS

VANCOUVER, BC, October 18, 2022 – **HS GovTech Solutions Inc.** (“**HS**”, or the “**Company**”) (CSE: HS) (Frankfurt: 38H) (OTC: HDSLFI) is pleased to announce that it has closed a brokered private placement of debenture units (the “**Units**” and each a “**Unit**”) for gross proceeds of C\$2,170,000 (the “**Offering**”). Each Unit consisted of one C\$1,000 principal amount unsecured non-convertible debenture (the “**Debentures**”) bearing 10% annual interest maturing on October 18, 2026, subject to early redemption in accordance with its terms, and 500 common share purchase warrants (each a “**Warrant**”).

The Debentures rank pari-passu as between each other and all other unsecured indebtedness of the Company, and are to be treated rateably as to repayment. The first interest payment on the Debentures shall be made on September 30, 2023, and shall be made quarterly thereafter to the earlier of maturity or redemption. At any time after October 18, 2023, the Company may redeem, in whole or in part, the principal amount of the Debentures at a price equal to 100% of the outstanding principal amount of the Debentures plus any accrued and unpaid interest thereon, plus a prepayment penalty equal to 6-months interest, payable in cash. The Debentures include events of default and restrictive covenants customary for a transaction of this type, including a prohibition on the change of control of the Company or the sale of all or substantially all of the assets of the Company, as well as a prohibition on dividends and limitations on non-market transactions with related parties.

Each Warrant entitles the holder thereof to acquire, subject to adjustment in certain circumstances, one common share of the Company at an exercise price of C\$0.60 for a period of 4 years from the date of issuance.

Echelon Wealth Partners Inc. (the “**Agent**”) acted as sole agent and bookrunner for the Offering. In connection with the Offering, the Company issued the Agent and members of the Agent’s selling group (i) 347,200 compensation warrants, each of which is exercisable into one Common Share at an exercise price of C\$0.60 for a period of 4 years from the date of issuance, and (ii) cash fees in the amount of C\$130,200.

Concurrently with the Offering, the Company completed a non-brokered private placement on the same terms as the Offering for aggregate proceeds of C\$25,000 (the “**Concurrent Private Placement**”). The Company issued 25 Units pursuant to the Concurrent Private Placement to Silas Garrison, a Director and the Chief Executive Officer of the Company. As well, pursuant to the Offering, the Company issued to Ali Hakimzadeh, Chairman of the Board, 30 Units, and to Alnesh Mohan, a Director of the Company, 10 Units (the “**Insiders**”). The issuance of the Units to the Insiders is considered to be a “related party transaction” subject to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). The Company intends to rely on exemptions from the formal valuation and minority shareholder approval requirements provided under sections 5.5(a) and 5.7(a) of MI 61-101 as neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeded 25% of the Company’s market capitalization.

All securities issued in connection with each of the Offering and the Concurrent Private Placement will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation, expiring February 19, 2023.

The Company will use the net proceeds of the Offering and Concurrent Private Placement for sales, marketing, working capital and general corporate purposes.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any state securities laws, and may not be offered or sold within the United States, or to or for the account or benefit of any U.S. person or any person in the United States, unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. “**United States**” and “**U.S. Person**” are as defined in Regulation S under the U.S. Securities Act.

About HS

HS GovTech™ is an industry leading software as a service company serving the state, provincial and local government market across the United States and Canada. HS GovTech’s™ cutting edge platforms currently provide inspection, information, communication and data management systems that enable government agencies to operate more efficiently. HS GovTech’s™ cloud and mobile based platforms are currently deployed in over 800 state and local government organizations across North America. HS GovTech™ currently offers the only fully integrated inspection, administration and analytics product suite across all platforms in North America. HS GovTech™ 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 HS GovTech™ 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, HS GovTech’s GovCall™ platform offers one of the only teleconferencing and video collaboration platforms tailored exclusively for government agencies.

Forward-Looking Information

This news 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. Forward-looking statements may include, without limitation, statements regarding the use of proceeds from the Offering and Concurrent Private Placement and the maturity or early redemption of the Debentures. All forward-looking statements in this news release are made as of the date of this news release. The forward-looking statements contained herein are also subject generally to assumptions and risks and uncertainties that are described from time to time in the Company's public securities filings with the Canadian securities commissions, including its Annual Information Form. Although HS 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. HS 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, except as required by applicable law.

Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

For more information please contact:

Victoria Rutherford

Investor Relations

(480) 625-5772

victoria@adcap.ca

Silas Garrison
CEO
(415) 580-2735
silas@hscloudsuite.com