



## NEWS RELEASE

# HS GovTech Solutions Inc. Presents an Update from Its Chief Executive Officer

**VANCOUVER, BC – December 21, 2022** - HS GovTech Solutions Inc. (the “Company” or “HS GovTech”) (CSE:HS) (OTC:HDSLFF) (Frankfurt:38H) is pleased to present an update from Silas Garrison, the Company’s Chief Executive Officer. All financial figures contained herein are expressed in U.S. dollars (“USD”) unless otherwise noted:

As we conclude 2022, I want to update the market and recap what has been a tremendous year for HS GovTech. From closing the largest contract in our Company's history, to Echelon Wealth Partners initiating research coverage on our story, and to achieving more customer go-lives than any prior year, I am immensely proud of and grateful for the growth we have achieved this year. It is with this growth that we believe the groundwork is laid for 2023 to be another record setting year.

I would also like to recognize the outstanding strength of our team, their tireless efforts and countless hours spent delivering for our customers, which creates long term value for all stakeholders. It is this effort, this relentless focus on delivering the best that keeps us going. We are proud to have set a new standard for excellence and what a best-in-class solution should look like in the govtech space. The satisfaction that comes from being a market leader and continuing to gain new ground pushes us to continually improve our platform and service.

### **Highlights and Recap**

I would like to highlight what we have accomplished thus far in Q4 and what we see on the horizon. While Q4 is typically a slower quarter, with holidays and year end planning by agencies, we have seen a healthy number of contracts thus far. Total Contract Value (“TCV”) for deals that have been either fully executed contracts (“Fully Executed”) or agreed to, awarded and out for execution (“Awarded”) at this point in Q4 totaled \$2.7 million. This includes an Award for a 9 year, \$1.6 million contract with a county in the State of Washington, and another Award for a statewide contract to deploy HSCloud Suite as their system of record. Not included in the Q4 sales figures are several Requests for Proposals (“RFP”) in which we are a finalist and likely near an expected award. With a number of RFPs in their final selection stage we anticipate a strong start to 2023.

With the Fully Executed deals we have seen to-date in Q4, our TCV for 2022 stands at \$16 million as of the date of this release. Contrast this to \$9.8 million in 2021, and \$5 million in 2020.

## **Efficient Delivery**

One of the great achievements of 2022 was the number of customer go-lives. In total, we had 27 customers go-live on our HSCloud platform, 11 of which were in Q4. There are two very meaningful takeaways: our team is scaling and delivering at a pace not achieved before, and we are entering a phase of growth where our margins are rapidly increasing on Profession Services.

Professional Services has historically been a strain on the Company's financial results. However, we have reached the point of scale where we are delivering for customers faster and more economically. Not only is this important for maintaining high levels of customer satisfaction, it will help us reach EBITDA positive sooner, which we anticipate achieving as we exit 2023.

We are thrilled to be entering 2023 with over \$6 million in ARR under contract. Additionally, we have \$1.53 million of Professional Services under contract that is expected to be delivered and billed within the first three quarters of 2023. None of this includes Awarded deals or our strong sales pipeline that we will continue to execute on throughout the year.

## **HSPay**

Our payments platform really began to take hold in Q4. As stated previously, we focused the majority of 2022 on customer adoption onto the platform. I am delighted to say that we are now beginning to see the fruits of that effort. While continuous adoption will still be a key focus for HSPay in 2023, we also expect to begin seeing what should be meaningful revenue from increased Total Payment Volume ("TPV").

Starting the year, we saw less than US\$5,000 in TPV processed monthly. Since then, we have accelerated adoption to the point we are now averaging over US\$25,000 TPV *every week*. While the net revenue to the Company is not yet significant, the ramp in TPV signifies what is to come. Throughout 2022 the adoption has been ramping up, including numerous agencies that went live with HSPay in Q4, several of which process millions per year in payments that will begin to flow through HSPay as we begin 2023.

As we look back on a tremendous 2022, I look forward to 2023 with all the growth, scale and efficiencies we anticipate it will bring. The strength of our team, our sales efforts, our customer implementations, and our growth with existing customers all make me optimistic for the upcoming year. We at HS GovTech 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.

## **Non-IFRS Measures**

ARR is a non-IFRS measure that provides an indication of the subscription revenue from customers that is expected from continued usage per the term of contract signed, and as such management believes ARR to be a meaningful measure for assessment of Company performance. Key assumptions related to ARR figures are from continued usage of the services over the life of the agreement, with the calculation based on the annual average of subscription revenues over the life of the agreement.

## **HS GovTech Solutions Inc.**

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 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", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although HS GovTech™ 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 GovTech™ 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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