



NEWS RELEASE

HS GovTech Solutions Inc. Presents an Update on Q1 and Year Ahead Outlook

VANCOUVER, BC – March 2, 2023 - HS GovTech Solutions Inc. (the “Company” or “HS GovTech”) (CSE:HS) (OTC:HDSLFF) (Frankfurt:38H) is pleased to present an update on growth and business activities. All financial figures contained herein are expressed in U.S. dollars (“USD”) unless otherwise noted:

HS GovTech has seen a strong start to 2023 as demand continues to be strong, especially post pandemic. The Company has seen stronger Q1 demand and growth rate at this point than any prior year. Additionally, HSPay growth and adoption rate continues to accelerate.

HSPay

As the solution continues to grow in deployment, the Company is seeing a marked increase in Total Processed Volume (“TPV”). As of the date of this release:

- TPV has exceeded all of 2022 processing volume
- Company is increasing its onboarding velocity and has on boarded an additional six agencies since the start of the year, with another six pending deployment for the remainder of Q1
- The average TPV has increased to \$75,000 per week, up from \$25,000 per week as reported on [December 21, 2022](#).

Sales Momentum

- Total Contract Value (“TCV”) for deals that are either executed as of midway point of Q1 (“Fully Executed”) or awarded for execution (“Awarded”) as of the midway point of Q1 stands at \$5.7 million.

Sole Source Trend and New Market Verticals

- The Company is in the process of executing its first deal in the Code Enforcement vertical. This new win will allow the Company to begin to meaningfully pursue a new agency vertical for HSCloud Suite.
- The Company continues to see an increase in contracts executing via sole source procurement, as opposed to the traditional Request for Proposal (“RFP”) route. This is an indicator of the strength of the Company’s platform as well as its market reach in numerous geographic regions. In order to procure a system via sole source, agencies must prove that there is no realistically viable secondary option that would be surfaced through an RFP. Further, an agency typically must tie

this analysis to backup information, including verification of other neighboring agencies already contracting for the solution desired.

Chief Executive Officer, Silas Garrison, commented “I am excited with the growth we are seeing so far early in 2023. The regulatory agency market is continuing to increase the pace of procurements, especially when contrasted against the previous three years during the pandemic. Our business development team is attending a record number of conferences; a number of which we are delighted to be giving the keynote addresses at. This positioning in the customer market continues to create momentum we are able to capitalize upon.”

Mr. Garrison continues, “We are hitting growth strides in all facets of the organization that not only accentuate our revenue growth, but continue to propel us toward improved margins with increased levels of customer satisfaction. It is this continuous maturation of our processes and people, along with continued investment into R&D, that has yielded the ability in Q1 to strategically eliminate nearly \$1 million in annual net costs on a go forward basis. This cost reduction is on top of cost reductions already enacted in FY2022. These cost efficiencies, coupled with the recent financing and conservatively modeled sales growth, position the Company financially to carry through 2023 and into 2024. It is with this momentum that we expect to exit 2023 EBITDA breakeven on a run-rate basis.”

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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