



NEWS RELEASE

HS GovTech Solutions Inc. Reports Strong YE Fiscal 2021 Results and Record Revenue

VANCOUVER, BC – April 28, 2022 - HS GovTech Solutions Inc. (the “Company” or “HS GovTech”) (CSE:HS) (OTC:HDSLFF) (Frankfurt:38H) a leading provider of SaaS applications for government, announced its financial results for the three and twelve months ended December 31, 2021 today. All financial figures contained herein are expressed in U.S. dollars (“USD”) unless otherwise noted.

Fiscal Year 2021 Financial Highlights

- Total revenues increased during FY21 to \$5.68 million, compared with \$1.66 million in the five months ended December 31, 2020 and \$2.65 million in the year ended July 31, 2020
 - Subscription revenues increased to \$3.91 million, compared with \$1.30 million in the five months ended December 31, 2020 and \$1.79 million in the year ended July 31, 2020.
 - Professional Services revenues increased to \$1.77 million, compared to \$0.35 million in the five months ended December 31, 2020 and \$0.86 million in the year ended July 31, 2020.
- Annual Recurring Revenue (“ARR”) under contract increased to \$4.16 million at December 31, 2021, compared to \$4.00 million at December 31, 2020 and \$3.66 million at July 31, 2020.

Chief Executive Officer, Silas Garrison, discussed the financial results.

“Our FY21 financial statements show that the continuous investments we have made in improvement of our product offerings, and delivery capacity, continue to drive significant growth. FY21 revenue of \$5.68 million is the highest year on record for the Company. It is a significant increase from the five months ended December 31, 2020 (up 43% on an annualized basis), and a 114% increase from the twelve months ended July 31, 2020. Our sales team has continued to perform strongly, closing deals with a total lifetime revenue of \$9.9 million in FY21, up from \$5.91 million in the prior twelve months. I am very proud of our team for performing during two of the most turbulent years in recent history.

We significantly increased capacity during FY21, growing from 46 to 88 employees during the year. A unique aspect of enterprise software - especially for larger customer implementations - is that you must hire in advance of revenue showing up in audited financials. In addition, as the Company attracts larger and larger agencies, especially in use cases beyond standard environmental health, investment is being made in additional personnel to support onboarding and implementation of new customers as well as product R&D. This increased capacity in 2021 began to position us to effectively manage the sales growth we saw during FY21, and the even greater growth expected through FY22.

Implementation expenses for the year ended December 31, 2021 increased by \$1.8 million and \$0.9 million compared to the five-month transitional fiscal year ended December 31, 2020, and the year ended July 31, 2020, respectively. We scaled up our implementation team significantly in order to meet the need of the existing implementations from sales completed in FY21 and to prepare for additional sales and subsequent implementations for FY22 and beyond.

The additional personnel also allows the Company to be able to dedicate significant resources to Research and Development, spending \$1.38 million on R&D (both capitalized and expensed) in FY21, compared to \$0.29 million during the five months ended December 30, 2020 and \$0.28 million during the year ended July 31, 2020. Our R&D efforts are focused on three areas: improving customer implementation experiences through additional tools and streamlined processes, development of new products and enhancement of existing products, and configuration development to service new verticals such as Fire Departments and Code Enforcement.

We do expect some increase in staffing throughout FY22, but at a much-reduced rate from the scaling up that we completed through FY21. We also anticipate revenue results from the increase in resources to continue to show up more visibly in financial statements as 2022 progresses.

During FY21, the continued investment in R&D was visible in some significant new product offerings that were developed and taken to initial revenue producing deployment. We rolled out GovCall™ which allows governments to use video conferencing to engage with citizens, while remaining seamlessly integrated with our HSCloud Suite™ offering, allowing transcripts and other information from a video call to be retained in the citizens' file. HSPay™ allows governments to collect payment for licenses and fines, again seamlessly integrated with the billing and receivables portion of the HSCloud Suite™ product.

We remain excited about the potential of both of these new products. GovCall™ has seen good uptake, and has helped increase contracted ARR by up to 18% for customers who adopt it. The first transactions through HSPay™ occurred during Q4, with the first 8 customers on-boarded by December 31, 2021.

I am proud of what we have achieved during the twelve months ended December 31, 2021, and believe we are well positioned for the next twelve, with a strong product offering and sufficient resources to continue this strong growth.”

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.

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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