

**COMPREHENSIVE HEALTHCARE SYSTEMS, INC.
(FORMERLY GREENSTONE CAPITAL CORP.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in US dollars)
(Unaudited)**

COMPREHENSIVE HEALTHCARE SYSTEMS, INC. (FORMERLY GREENSTONE CAPITAL CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in US dollars)
(Unaudited)

	Note	March 31, 2022	December 31, 2021
ASSETS			
Current			
Cash		\$ 2,033,641	\$ 3,395,094
Accounts receivable		150,240	194,968
Contract assets	5	125,122	136,950
Prepaid and other current assets	4	80,106	40,488
		2,389,109	3,767,500
Non-current			
Property and equipment	6	32,664	31,891
Right-of-use assets	7	284,607	306,417
Total assets		\$ 2,706,380	\$ 4,105,808
LIABILITIES AND STOCKHOLDERS' DEFICIENCY			
Current			
Accounts payable and accrued expenses	8	\$ 979,382	\$ 1,369,458
Contract liabilities	9	375,733	377,897
Line of credit	11	987,399	987,399
Term loan	11	284,418	304,418
Lease liabilities	10	93,602	90,596
Loan payable	12	71,721	69,583
		2,792,255	3,199,351
Non-current			
Lease liabilities	10	279,308	303,867
Total liabilities		3,071,563	3,503,218
STOCKHOLDERS' EQUITY (DEFICIENCY)			
Share capital - Common shares	13	13,300,725	13,300,725
Obligation to issue shares	13	357,900	357,900
Reserves	13	1,151,604	1,151,604
Accumulated other comprehensive income		6,344	7,062
Accumulated deficit		(15,181,756)	(14,214,701)
Total stockholders' equity (deficiency)		(365,183)	602,590
Total liabilities and stockholders' deficiency		\$ 2,706,380	\$ 4,105,808

Nature of operations (Note 1)

Approved and authorized for issue by the Board of Directors on May **, 2022.

Dr. Hassan Mohaideen Director

Mariam Mohaideen Cather Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

COMPREHENSIVE HEALTHCARE SYSTEMS, INC. (FORMERLY GREENSTONE CAPITAL CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US dollars)
(Unaudited)

		Three months ended March 31, 2022	Three months ended March 31, 2021
	Note		
Revenues	14	\$ 1,064,250	\$ 1,104,150
Cost of revenues	15	900,907	750,794
Gross Profit		<u>163,343</u>	<u>353,356</u>
Expenses			
General and administrative	16	903,788	526,064
Research and development	17	86,659	97,128
Selling	18	108,405	101,524
Depreciation	6,7	24,341	24,273
Share-based payments		-	260,000
		<u>(1,123,193)</u>	<u>(1,008,989)</u>
Other items			
Interest expense		(40,587)	(646,235)
Interest income		5,263	1,248
Foreign exchange gain (loss)		28,119	717
Unrealized gain on derivative liabilities			168,137
Government assistance	12	-	435,620
		<u>(7,205)</u>	<u>(40,513)</u>
Net income (loss)		<u>(967,055)</u>	<u>(696,146)</u>
Other comprehensive income: (items that may be subsequently reclassified to profit or loss)			
Foreign currency translation to reporting currency		(718)	-
Comprehensive income (loss)		<u>\$ (967,773)</u>	<u>\$ (696,146)</u>
Income (loss) per share - Basic		\$ (0.01)	\$ (0.03)
Income (loss) per share - Diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - Basic		68,303,956	24,658,410
Weighted average number of common shares outstanding - Diluted		<u>68,303,956</u>	<u>41,333,333</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

COMPREHENSIVE HEALTHCARE SYSTEMS, INC. (FORMERLY GREENSTONE CAPITAL CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY
(Expressed in US dollars)
(Unaudited)

	Preferred Shares		Common Shares		Obligation to issue shares	Reserves	Accumulated Deficit	Accumulated other comprehensive income (loss)	Total
	Number of shares	Share capital	Number of shares	Share capital					
Balance, December 31, 2020	16,674,923	\$ 3,969,687	24,658,410	\$ 1,457,884		\$ 38,382	\$ (9,029,096)	\$ -	\$ (3,563,143)
Finders' warrants issued	-	-	-	-		20,650	-	-	20,650
Repurchase of shares	-	-	(864)	(260,000)		-	-	-	(260,000)
Reissuance of shares	-	-	864	260,000		-	-	-	260,000
Comprehensive loss	-	-	-	-		-	(696,146)	-	(696,146)
Balance, March 31, 2021	16,674,923	\$ 3,969,687	24,658,410	\$ 1,457,884		\$ 59,032	\$ (9,725,242)	\$ -	\$ (4,238,639)
Balance, December 31, 2021	-	\$ -	68,303,956	\$ 13,300,725	\$ 357,900	\$ 1,151,604	\$ (14,214,701)	\$ 7,062	\$ 602,590
Foreign currency translation	-	-	-	-	-	-	-	(718)	(718)
Comprehensive loss	-	-	-	-	-	-	(967,055)	-	(967,055)
Balance, March 31, 2022	-	\$ -	68,303,956	\$ 13,300,725	\$ 357,900	\$ 1,151,604	\$ (15,181,756)	\$ 6,344	\$ (365,183)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

COMPREHENSIVE HEALTHCARE SYSTEMS, INC. (FORMERLY GREENSTONE CAPITAL CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in US dollars)
(Unaudited)

	Three months ended March 31, 2022	Three months ended March 31, 2021
Cash flows from operating activities		
Net loss	\$ (967,055)	\$ (696,146)
Items not affecting cash:		
Accrued interest	53,715	114,483
Accretion	-	386,836
Depreciation	24,341	24,273
Foreign exchange loss	-	4,027
Gain on derivative liabilities	-	(168,137)
Share-based payments	-	260,000
Gain on forgiveness of government loan	-	121,140
Changes in non-cash working capital		
Accounts receivable	44,728	(191,199)
Contract assets	11,828	-
Prepaid expenses	(39,618)	(6,606)
Accounts payable and accrued liabilities	(432,868)	(175,816)
Contract liabilities	(2,164)	(62,433)
Net cash flows used in operating activities	<u>(1,307,093)</u>	<u>(389,578)</u>
Cash flows from investing activities		
Capital expenditures	<u>(3,304)</u>	-
Net cash flows used in investing activities	<u>(3,304)</u>	-
Cash flows from financing activities		
Repayment of notes payable	-	(128,654)
Repayments on term loan	(20,000)	(60,000)
Proceeds from government loan	-	-
Repurchase of shares	-	(260,000)
Debenture proceeds received	-	1,337,697
Lease payments	<u>(31,056)</u>	<u>(34,872)</u>
Net cash flows provided by financing activities	<u>(51,056)</u>	<u>854,171</u>
Change in cash	\$ (1,361,453)	\$ 464,593
Cash		
Beginning of year	\$ 3,395,094	\$ 2,060,209
End of year	<u>\$ 2,033,641</u>	<u>\$ 2,524,802</u>
Supplemental cash flow disclosure		
Interest paid	\$ 36,058	\$ 42,729
Interest received	\$ 5,236	\$ -
Taxes paid	\$ -	\$ 180

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Comprehensive Healthcare Systems, Inc. (the “Company”), formerly known as Greenstone Capital Corp., was incorporated on June 6, 2018 and became a “Reporting Issuer” in each of the Provinces of Alberta, British Columbia and Ontario pursuant to applicable securities legislation on April 11, 2019.

On September 29, 2021, the Company completed a reverse takeover with Comprehensive Healthcare Systems Inc. (“CHS”), a Delaware “C” Corporation founded in 2015, providing healthcare administrative software, licensing and maintenance services to various interests in the healthcare industry, including insurance companies, hospitals, doctors and labor unions. Pursuant to the reverse takeover, the Company changed its name to “Comprehensive Healthcare Systems Inc.”, changed its year-end from January 31 to December 31 and began trading on the TSX Venture Exchange under the stock symbol CHS. The head office of the Company is at 2025 Lincoln Highway, State Route 27 – Suite 340, Edison, NJ 08817, US.

As of March 31, 2022 and for the three months ended March 31, 2022, the Company has recurring losses, negative working capital of \$403,146 (December 31, 2021 – positive \$568,149), accumulated deficit totaling \$15,181,756 (December 31, 2021 - \$141,214,701) and negative cash flows from operating activities of \$1,307,093 (2021 - \$3,271,452). The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern. The Company intends to reduce discretionary spending and may also receive additional financial support from the current investor group and certain executives that have the financial ability and interest to fund any financial shortfalls. Other strategic options may be available to the Company under certain circumstances.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Company. The COVID-19 outbreak in the United States may disrupt the Company’s operations through its impact on its employees, vendors and customers. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

Basis of presentation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), including International Accounting Standards (“IAS”) 34. Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Issues Committee (“IFRIC”). They have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the Company for the year ended December 31, 2021, except that they do not include all the disclosures required for the annual audited financial statements. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the Company for the year ended December 31, 2021.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these condensed consolidated interim financial statements in conformity with IFRS also requires management to make estimates and judgements that may have a significant impact on these condensed consolidated interim financial statements. Estimates are continuously evaluated and are based on management’s experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The critical accounting judgements and estimates were presented in the Company’s most recent audited financial statements for the year ended December 31, 2021.

2. BASIS OF PRESENTATION (Continued)

Consolidation

These condensed consolidated interim financial statements are presented on a consolidated basis and include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

Entity	Principal activities	Country of incorporation	Percentage Owned
			March 31, 2022
Comprehensive Healthcare Systems Inc. ("CHS")	Healthcare administration software, management and services	United States	100%
Health Plan Systems, Inc. ("HPS")	Healthcare administration software	United States	100%
New York Medical Management, Inc. ("NYMM")	Review, management and maintenance services	United States	100%
DBA Sterling MM	Third-party administration services to customers of HPS and others	United States	100%
Health Plan Systems Services Corp. ("LionGen") DBA LionGen	Online tool to check software data	United States	100%
Sterling Health Services, Inc.			

All intercompany balances and transactions have been eliminated on consolidation.

3. REVERSE TAKEOVER TRANSACTION

On December 7, 2020 and as amended on May 20, 2021, Greenstone Capital Corp. ("Greenstone") and CHS entered into a merger agreement to complete a reverse takeover transaction (the "Transaction"). The Transaction was closed on September 29, 2021.

Under the terms of the Transaction, Greenstone consolidated all of its issued and outstanding common shares on a 3.5323:1 basis.

Prior to the completion of the Transaction, CHS converted all issued and outstanding preferred shares into common shares in accordance with the conversion terms as set out in its certificate of incorporation. CHS also enacted a stock split on a 2,178.2738:1 basis immediately prior to the completion of the Transaction such that holders of the CHS's common shares as at the merger date would hold an aggregate of 41,333,333 common shares in the resulting issuer following the Transaction. After completion of this transaction, the current shareholders of CHS would own the majority of the issued and outstanding common shares of the resulting issuer. CHS would become a wholly-owned subsidiary of the resulting issuer.

At the time of the Transaction, Greenstone did not meet the definition of a business as defined under IFRS 3 "Business Combinations". Hence, the Transaction was accounted for as an asset acquisition in accordance with IFRS 2, "Share-Based Payment". CHS was identified as the accounting acquirer that issued shares to acquire all of the net assets of the Company, the accounting acquiree, and its listing status. The condensed consolidated interim financial statements are considered to be a continuation of the consolidated financial statements of CHS, the accounting acquirer, and present the value of its assets and liabilities at historical cost, up to the date of the Transaction. The fair value of the consideration issued to acquire the net assets of the Company is as follows:

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in US dollars - Unaudited)
Three Months Ended March 31, 2022

3. REVERSE TAKEOVER TRANSACTION (Continued)

Consideration:	
Fair value of Greenstone shares (2,066,667 post-consolidation common shares at approximately \$0.38 per share)	\$ 608,273
Fair value of replacement options (197,681)	52,539
Fair value of replacement warrants (2,066,068)	616,205
Settlement of intercompany loans	<u>(11,774)</u>
Total consideration	\$ 1,265,243
Fair value of net assets acquired:	
Cash	\$ 224,935
Accounts payable and accrued liabilities	<u>(8,638)</u>
Net assets	\$ 216,297
Listing expenses	\$ 1,048,946
Other direct listing expenses	377,473
Total listing expenses	<u>\$ 1,426,419</u>

4. PREPAID AND OTHER ASSETS

	March 31, 2022	December 31, 2021
Prepaid expenses	\$ 61,669	\$ 33,122
Prepaid insurance	18,437	7,366
	<u>\$ 80,106</u>	<u>\$ 40,488</u>

5. CONTRACT ASSETS

	March 31, 2022	December 31, 2021
Contract assets, beginning	\$ 136,950	\$ -
Contract revenue earned	14,407	136,950
Contract revenue billed	<u>(26,235)</u>	<u>-</u>
Contract assets, ending	<u>\$ 125,122</u>	<u>\$ 136,950</u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in US dollars - Unaudited)
Three Months Ended March 31, 2022

6. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and Equipment	Computers and Software	Total
Cost				
Balance at December 31, 2020	\$ 34,820	\$ 14,685	\$ 22,296	\$ 71,801
Additions	-	-	9,799	9,799
Balance at December 31, 2021	\$ 34,820	\$ 14,685	\$ 32,095	\$ 81,600
Additions	-	3,304	-	3,304
Balance at March 31, 2022	\$ 34,820	\$ 17,989	\$ 32,094	\$ 84,903
Accumulated depreciation				
Balance at December 31, 2020	\$ 17,420	\$ 9,494	\$ 13,438	\$ 40,352
Depreciation	3,482	2,098	3,777	9,357
Balance at December 31, 2021	\$ 20,902	\$ 11,592	\$ 17,215	\$ 49,709
Depreciation	857	542	1,131	2,530
Balance at March 31, 2022	\$ 21,759	\$ 12,134	\$ 18,346	\$ 52,239
Net book value				
December 31, 2021	\$ 13,918	\$ 3,093	\$ 14,880	\$ 31,891
March 31, 2022	\$ 13,061	\$ 5,855	\$ 13,748	\$ 32,664

7. RIGHT-OF-USE ASSETS

	Building	Equipment	Total
Cost			
Balance at December 31, 2020	\$ 505,632	\$ 156,374	\$ 662,006
Additions	-	-	-
Balance at December 31, 2021	\$ 505,632	\$ 156,374	\$ 662,006
Additions	-	-	-
Balance at March 31, 2022	\$ 505,632	\$ 156,374	\$ 662,006
Accumulated depreciation			
Balance at December 31, 2020	\$ 236,733	\$ 30,619	\$ 267,352
Depreciation	49,643	38,594	88,237
Balance at December 31, 2021	\$ 286,376	\$ 69,213	\$ 355,589
Depreciation	12,411	9,399	21,810
Balance at March 31, 2022	\$ 298,787	\$ 78,612	\$ 377,399
Net book value			
December 31, 2021	\$ 219,256	\$ 87,161	\$ 306,417
March 31, 2022	\$ 206,845	\$ 77,762	\$ 284,607

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	March 31, 2022	December 31, 2021
Accounts payable	\$ 750,450	\$ 1,060,658
Accrued liabilities	228,932	308,800
	\$ 979,382	\$ 1,369,458

During the three months ended March 31, 2022, the Company recognized a \$Nil (December 31, 2021 - \$230,405) gain on the settlement of accounts payable balances owing to a creditor that dissolved during the period.

COMPREHENSIVE HEALTHCARE SYSTEMS, INC. (FORMERLY GREENSTONE CAPITAL CORP.)
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in US dollars - Unaudited)
Three Months Ended March 31, 2022

9. CONTRACT LIABILITIES

Contract liabilities represent customer payments received for services to be provided subsequent to the reporting date. Significant changes in contract liabilities are as follows:

	March 31, 2022	December 31, 2021
Contract liabilities, beginning	\$ 377,897	\$ 1,049,242
Revenue recognized that was included in the contract liability	854,056	(3,615,149)
Unearned revenues received	(854,221)	2,943,804
Contract liabilities, ending	\$ 375,732	\$ 377,897

All contract liabilities outstanding at March 31, 2022 are expected to be recognized in revenue within one year.

10. LEASE LIABILITIES

The Company's lease liabilities consists of its office space and computer servers. The present value of future lease payments were measured using an incremental borrowing rate of 13.1% per annum.

Balance as at December 31, 2020	\$ 475,134
Interest expense	57,606
Lease payments	(138,277)
As at December 31, 2021	\$ 394,463
Interest expense	12,714
Lease payments	(34,267)
As at March 31, 2022	\$ 372,910

Lease liabilities	March 31, 2022	December 31, 2021
Current portion	\$ 93,602	\$ 90,596
Long-term portion	279,308	303,867
Total lease liabilities	\$ 372,910	\$ 394,463

At March 31, 2022, the Company is committed to minimum lease payments as follows:

Maturity analysis	March 31, 2022
2022	\$ 102,799
2023	137,065
2024	102,363
2025	92,506
2026	38,912
Total undiscounted lease liabilities	\$ 473,645
Amount representing implicit interest	(100,735)
Lease obligations	\$ 372,910

11. LINE OF CREDIT AND TERM LOAN

In October 2016, the Company entered into a \$6,000,000 credit agreement with a bank (the "Credit Agreement") consisting of a term loan (the "Term Loan") and a \$1,000,000 line of credit (the "Line of Credit"). The Credit Agreement is senior to the notes payable (see Note 14), is collateralized by substantially all assets of the Company and contains financial covenants related to debt service coverage ratio. On August 31, 2018, the Company signed a forbearance agreement with the bank whereby the Term Loan and Line of Credit bear interest at the default interest rate of LIBOR plus 10.75% and were set to mature on December 31, 2018. On May 30, 2019, the Company amended the forbearance agreement and extended the maturity date to December 30, 2019 with an interest rate of 13.13%.

11. LINE OF CREDIT AND TERM LOAN (Continued)

On December 11, 2020, the Company amended the forbearance agreement (the 2020 Amendment”) and extended the maturity date to January 31, 2023. The amended agreement provides for a payment schedule as follows: 24 monthly payments of \$20,000 starting January 31, 2021 with the remainder due on or before January 31, 2023. Under the 2020 Amendment, the interest rate on the loans is 6%.

Under the 2020 Amendment, the Company will be permitted to issue stock and obtain new debt. In the event the Company is able to raise more than 3.5 times the current balance of loans due at the time of the raise, the Company is required to repay 50% of the balance due within one month of receiving the resulting funds and will continue to be required to make the remaining payments as scheduled under the 2020 Amendment thereafter.

On June 30, 2021, the Company received notice that it was in default on its term loan and line of credit. Subject to this event of default, interest on the term loan and line of credit will increase by 4%, resulting in a rate of LIBOR plus 10.75% per annum. The Company’s outstanding term loan and line of credit balances also become due immediately. The Company engaged a consultant to assist in remedying the event of default. Due to this default, the entire balances owing under the term loan and line of credit have been classified as current liabilities of the Company.

A reconciliation of the Term Loan and Line of Credit is as follows:

Balance, December 31, 2020	\$	1,510,319
Repayments		(110,000)
Interest and loan fees		80,844
Interest and loan fees paid		(162,700)
Balance, December 31, 2021	\$	1,318,463
Repayments		(20,000)
Interest and loan fees		21,205
Interest and loan fees paid		(8,987)
Balance, March 31, 2022	\$	1,310,681
Less: Accrued interest and fees portion		(38,864)
Line of credit and term loan balance	\$	1,271,817

	Line of Credit	Term Loan	Total
Current portion	\$ 987,399	\$ 284,418	\$ 1,271,817
Non-current portion	-	-	-
Total	\$ 987,399	\$ 284,418	\$ 1,271,817

12. LOANS PAYABLE

During the year ended December 31, 2021, the Company received \$435,620 in proceeds through a Payroll Protection Program loan pursuant to the CARES Act. The loan bears interest at a rate of 1%, is unsecured and has a term of two years following the date of issuance. Payments of principal and interest on the loan are deferred for a period of six months. The loan is eligible for forgiveness if the loan proceeds are used to cover payroll costs, including benefits, rent and utilities for a period of eight or 24 weeks after receipt. The forgiveness amount will be reduced if the Company does not maintain staffing or payroll levels.

As at March 31, 2022, the Company recognized \$Nil (2021 - \$435,620) in loan proceeds that met the forgiveness criteria as government assistance.

During the period ended December 31, 2020, the Company received a \$159,900 Covid-19 Economic Injury Disaster Loan through the U.S. Small Business Administration. The loan bears interest at a rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Payments on the loan are deferred for one year following receipt of the loan at which time minimum monthly payments of \$731 are required. The balance of principal and interest on the loan will be payable 30 years from receipt. Loan proceeds are to be used towards funding working capital and normal operating expenses. The loan is secured by general business assets of the Company as set out in the Uniform Commercial Code. \$92,677 in government assistance was recognized in relation to the below-market interest rate charged on this loan during the year ended December 31, 2020.

COMPREHENSIVE HEALTHCARE SYSTEMS, INC. (FORMERLY GREENSTONE CAPITAL CORP.)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in US dollars - Unaudited)

Three Months Ended March 31, 2022

12. LOANS PAYABLE (Continued)

As the Covid-19 Economic Injury Disaster Loan was issued at below market rates, the initial fair value of the loan was determined to be \$57,323 using an effective interest rate of 13.13%. The difference between the face value of the loan and the fair value of the loan of \$92,677 was recognized as government assistance during the year ended December 31, 2020. As at March 31, 2022, the carrying value of the loan was \$71,721 (December 31, 2021- \$69,583).

13. EQUITY

The authorized capital of the Company consists of an unlimited number of common and preferred shares with no par value.

Immediately preceding the closing of the reverse takeover transaction on September 29, 2021, CHS split its common shares on a 2,178.2738:1 basis such that holders of the CHS's common shares as at the merger date would hold an aggregate of 41,333,333 common shares in the resulting issuer following the transaction. The effect of the split has been presented on a retrospective basis in the Company's consolidated financial statements.

In preparation for the Transaction, CHS issued convertible notes to investors in exchange for \$4,722,660. The notes bore interest at 10% and matured in one year following the date of issuance. On completion of the Transaction, the convertible notes and accrued interest on the notes converted automatically into units of the Company at approximately \$0.36 CAD per unit. Upon conversion, debenture holders received 13,118,139 units (on a post-split basis) for the converted principal balance and 942,800 units (on a post-split basis) for the accrued interest. Each unit received on conversion is comprised of one common share and a half warrant. Each warrant entitles its holder to acquire one share of the Resulting Issuer at a price of \$0.60 CAD (on a post-split basis) for a duration of two years. Upon conversion, \$843,656 of the debenture value was allocated to the warrant component of the units issued with the residual \$3,729,589 allocated to share capital. The warrant value of \$843,656 was determined using the Black Scholes option pricing model with the following inputs: share price of \$0.38 CAD, exercise price of \$0.75, 100% volatility and 0.25% discount rate.

On February 28, 2021, CHS repurchased 864,331 shares previously issued to Advanced Technology Consultants Inc. After completion of the repurchase, the acquired shares were issued to existing shareholders in proportion to each individual's share ownership in the Company. The Company recognized \$260,000 in share-based payment expenses pursuant to this repurchase and reissuance of shares.

During April 2021, the Company entered into subscription agreements to issue 9,976,949 post-split subscription units. The subscription units have a unit price of \$0.45 per share and are comprised of one common share and one-half share purchase warrant. Each share purchase warrant entitles its holder to purchase one common share of the Company at a price of \$0.75 per share. The warrants expire two years following the subscription unit issuance date. The subscription units and received funds were released from escrow following in October 2021 completion of the Company's reverse takeover transaction.

Options

As part of the Company's reverse takeover transaction, rights to purchase shares continue. On April 24, 2019, Greenstone granted 729,999 options to directors and officers. These options vested immediately and are exercisable at a price of \$0.10 CAD per option for a period of 10 years from the date of the option agreement. As of April 30, 2021, 698,260 director and officer options were outstanding. As part of the reverse takeover transaction, the 698,260 director and officer options were exchanged for 197,681 options respectively of the Company exercisable at \$0.15 CAD per unit.

As at March 31, 2022, the following options were issued and outstanding:

	Number of Options	Weighted Average Exercise Price (CAD)
Balance at January 1, 2021	-	\$ -
Granted	197,681	0.15
Balance, December 31, 2021	197,681	\$ 0.15
Granted	-	-
Balance, March 31, 2022	197,681	\$ 0.15

As at March 31, 2022, the options had a remaining weighted average useful life of 7.07 years (December 31, 2021 - 7.32).

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in US dollars - Unaudited)
Three Months Ended March 31, 2022

13. EQUITY (Continued)

Warrants

As at March 31, 2022, the following warrants were issued and outstanding:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Balance at January 1, 2021	447,383	\$ 0.40
Granted	12,978,690	0.67
Balance, December 31, 2021	13,426,073	\$ 0.66
Granted	-	-
Balance, March 31, 2022	13,426,073	\$ 0.66

	Number of Warrants	Exercise Price	Expiry Date
	447,383	\$0.60	December 18, 2022
	261,386	\$0.60	January 8, 2023
	495,754	\$0.75	April 8, 2023
	202,611	\$0.75	April 29, 2023
	7,030,465	\$0.60	September 29, 2026
	4,988,474	\$0.75	September 29, 2023
	13,426,073		

As at March 31, 2022, the warrants had a remaining weighted average useful life of 3.01 years (December 31, 2021 – 3.25 years).

Reserves

As at March 31, 2022, the Company had the following reserves in equity:

	Options	Warrants	Total
Balance at January 1, 2021	\$ -	\$ 38,382	\$ 38,382
Finders warrants issued	-	103,180	103,180
Conversion of debentures	-	843,656	843,656
Private placement warrants issued	-	113,847	113,847
Replacement options issued	52,539	-	52,539
Balance at December 31, 2021 and March 31, 2022	\$ 52,539	\$ 1,099,065	\$ 1,151,604

The option and warrants reserves are used to recognize the value of option and warrant grants respectively.

COMPREHENSIVE HEALTHCARE SYSTEMS, INC. (FORMERLY GREENSTONE CAPITAL CORP.)
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in US dollars - Unaudited)
Three Months Ended March 31, 2022

14. REVENUE

The following table presents a disaggregation of revenue by source and timing of revenue recognition.

	Three months ended March 31, 2022	Three months ended March 31, 2021
Software services	\$ 14,857	\$ 184,029
Maintenance	339,838	584,383
Services	709,556	335,738
	\$ 1,064,250	\$ 1,104,150

The Company recognized revenues from contracts with customers in accordance with the following timing under IFRS 15:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Recognized at a point in time	\$ 533,764	\$ 252,574
Recognized over the duration of contracts	530,487	851,576
	\$ 1,064,250	\$ 1,104,150

Revenues are recognized at the point in time the Company has provided services to customers. Licensing and maintenance contracts extending over multiple months are recognized in revenue as related core license access, customization and installation of modules, and subsequent maintenance services are provided to the Company's customers. Revenue relating to ongoing contracts is recognized on a monthly basis as services are performed. The Company has elected to adopt the practical expedient of IFRS 15 to not disclose information about remaining performance obligations that have an expected duration of less than one year.

All of the Company's revenue is earned in the United States.

15. COST OF REVENUE

	Three months ended March 31, 2022	Three months ended March 31, 2021
Consulting	\$ 485,274	\$ 337,867
Equipment and software rentals	120,549	121,582
Licenses and permits	-	2,291
Salaries and benefits	295,084	289,054
Other	-	-
	\$ 900,907	\$ 750,794

COMPREHENSIVE HEALTHCARE SYSTEMS, INC. (FORMERLY GREENSTONE CAPITAL CORP.)
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in US dollars - Unaudited)
Three Months Ended March 31, 2022

16. GENERAL AND ADMINISTRATIVE EXPENSES

		Three months ended March 31, 2022	Three months ended March 31, 2021
Automotive expenses	\$	9,163	13,617
Commissions		1,540	-
Dues and subscriptions		4,149	16,211
Insurance		908	15,868
Interest and bank charges		5,288	6,632
Investor relations		70,418	-
Licenses and permits		2,929	1,606
Office expenses		18,899	9,741
Professional fees		234,840	82,074
Rent		4,857	13,491
Salaries and benefits		480,328	337,081
Telephone and internet		35,469	29,743
Director fees		35,000	-
	\$	903,788	526,064

17. RESEARCH AND DEVELOPMENT

		Three months ended March 31, 2022	Three months ended March 31, 2021
Consulting	\$	66,911	\$ 66,910
Salaries and benefits		19,748	30,218
	\$	86,659	\$ 97,128

18. SELLING COSTS

		Three months ended March 31, 2022	Three months ended March 31, 2021
Advertising and promotion	\$	62,440	\$ 98,555
Travel and entertainment		45,965	2,969
	\$	108,405	\$ 101,524

19. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel during the three months ended March 31, 2022 and 2021 was as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Salaries and benefits	\$ 239,650	\$ 218,681
Consulting fees	153,249	38,363
Director fees	35,000	-
	<u>\$ 427,899</u>	<u>\$ 257,044</u>

The Company also owed \$89,704 (December 31, 2021 - \$26,943) to companies controlled by officers and directors and \$16,047 (December 31, 2021 - \$28,833) owed to directors and officers. These balances are unsecured, do not bear interest and have no fixed terms of repayment.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	Level in fair value hierarchy	March 31, 2022	December 31, 2021
FVTPL:			
Cash	Level 1	\$ 2,033,641	\$ 3,395,094
Amortized cost:			
Accounts receivable	Level 2	150,240	194,968
		<u>\$ 2,183,881</u>	<u>\$ 3,590,062</u>

Financial liabilities included in the statement of financial position are as follows:

	Level in fair value hierarchy	March 31, 2022	December 31, 2021
FVTPL:			
Derivative liabilities	Level 3	\$ -	\$ -
Amortized cost:			
Accounts payable and accrued expenses	Level 2	979,382	1,369,458
Line of credit	Level 2	987,399	987,399
Term loan	Level 2	284,418	304,418
Loan payable	Level 2	71,721	69,583
Debenture	Level 2	-	-
		<u>\$ 2,322,920</u>	<u>\$ 2,730,858</u>

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of the Company's financial assets and liabilities as at March 31, 2022 and December 31, 2021 approximate their fair value due to their short terms to maturity.

The carrying value of debt where interest is charged at a fixed rate is not significantly different from the fair value.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

Credit risk

The Company's principal financial assets are cash and trade accounts receivable. The Company's credit risk is primarily concentrated in its cash which is held with institutions with a high credit worthiness. The Company mitigates its credit risk on receivables by actively managing and monitoring its receivables. The Company has been determined that no credit loss provision is required, as all amounts outstanding are considered collectible. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through the issuance of preferred shares. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's financial liabilities as at March 31, 2022:

	Within one year	Between one and five years	More than five years
Accounts payable and accrued expenses	\$ 979,382	\$ -	\$ -
Line of credit	987,399	-	-
Term loan	284,418	-	-
Lease liabilities	93,602	40,587	-
Loan payable	71,721	-	-
	\$ 2,416,522	\$ 40,587	\$ -

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk on its U.S. dollar accounts payable balances and its subsidiary's Canadian dollar accounts payable, debentures and bank account. Based on these foreign currency financial instruments held as at March 31, 2022, a 10% change in foreign exchange rates would change the Company's net loss by approximately \$158,343 (December 31, 2021 - \$318,000).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at March 31, 2022, all of the Company's borrowings were subject to a fixed interest rate. As such, a 1% change in interest rates would not have any material effect on the Company's net loss.

20. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

Capital Management

In the management of capital, the Company includes components of stockholders' equity. The Company aims to manage its capital resources to ensure financial strength and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity, debt and bank loans or lines of credit to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Issuance of equity has been the primary source of capital to date. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt.

21. CONCENTRATIONS

Major customers are defined as customers that each individually account for greater than 10% of the Company's annual revenues. As at March 31, 2022, the Company had receivables from two major customers (December 31, 2021 - two major customers) that accounted for approximately 58% and 20% of receivables (December 31, 2021 - 62%, and 12%). For the three months ended March 31, 2022, the Company had revenue from three major customers (December 31, 2021 - three major customers) that accounted for approximately 11%, 22% and 13% (December 31, 2021 - 10%, 17% and 13%) of revenue respectively.

22. SEGMENTED INFORMATION

The Company has one operating segment, being the provider of healthcare administrative software, licensing and maintenance services. All of the Company's assets are located in the United States. All revenue recognized during the three months ended March 31, 2022 was earned in the United States.