

**COMPREHENSIVE HEALTHCARE SYSTEMS, INC.  
(FORMERLY GREENSTONE CAPITAL CORP.)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021  
(Expressed in US dollars)**

This management discussion and analysis (“**MD&A**”) of the consolidated financial position of Comprehensive Healthcare Systems Inc. (“**CHS**”, the “**Company**” and “**Company**,” “**our**” or “**we**”), formerly known as Greenstone Capital Corp., including its wholly owned subsidiaries Health Plan Systems Inc., New York Medical Management Inc., Health Plan Systems Services Corp. and Sterling Health Services Inc. (“**The Company**”) and results of its operations for the three and nine months ended September 30, 2022 and 2021 is prepared as at November 28, 2022. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and 2021 and the related notes thereto. Those condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”). All currency amounts are expressed in Canadian dollars, unless otherwise noted.

### **Forward-Looking Information**

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information. Such information, although considered to be reasonable by the Company’s management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. This MD&A may contain forward-looking statements that reflect the Company’s current expectations and projections about its future results. When used in this MD&A, words such as “estimate”, “intend”, “expect”, “anticipate” and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company’s future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Such statements reflect our management’s current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and known or unknown risks and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Please see the risk factors discussed under the heading “**Risk Factors**” in this Prospectus.

### **Company Overview**

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.**” and began trading on the TSX Venture Exchange under the stock symbol **CHS**. The head office of the Company is at 15 W. 38<sup>th</sup> Street, Suite 1001, New York, NY 10018. The Company’s registered and records office is at 220 – 333 Terminal Avenue, Vancouver, BC V6A 4C1.

The Company’s state of the art HPS NOVUS Healthcare Welfare and Benefits Administration (“**HPS NOVUS**”) SaaS platform is used by clients for all aspects of healthcare benefits administration (including insurance companies, hospitals, doctors and labor unions) through various corporations in which the majority shareholder has controlling ownership, providing healthcare administrative software, licensing and maintenance services. This system simplifies how organizations and individuals transact benefits. The Company’s customers rely on the platform to manage, scale and exchange benefits seamlessly. This creates solutions that drive value for all participants in the US. healthcare ecosystem.

The Company’s upcoming Telehealth user-facing app will integrate the benefits administration ecosystem into one single platform. The Telehealth platform will be available on the web, and iOS and Android will be fully integrated with the HPS NOVUS platform. Any user can interact with doctors, clinics and hospitals in the Company’s network. The app will allow its users to connect to most major electronic medical records databases, payment gateways and billing systems. All the records on the app will be encrypted giving full control to its users.

### *Industry Overview*

The US healthcare system is not a universally accessible system like Canada, and most insured Americans are under employer-sponsored health insurance. One variant of this is that the employees and the employers will jointly pay contributions into a healthcare fund, then the funds will be used to purchase a group insurance or a create a self-insured plan. Self-insured plans usually cost less for larger employers compared to traditional insurance policies, which incentivises a shift towards self-insurance. The daily operations of insurance claims, billing and other related procedures for self-funded insurance plans can be managed through “Third-Party Administrators” (“TPAs”) or managed in-house. Under this structure, the industry operator is a software provider or TPA and processes health benefit payments on behalf of clients.

TPAs play a critical role in the insurance market by enabling businesses to outsource claims processing, administration and risk management. When an employee uses a healthcare provider (such as a clinic, a hospital or a doctor), the employee can monitor their claim through a TPA. The TPA processes the claim after receiving the claim from the healthcare provider, and then pays out claims on behalf of the insurance plan. Generally and historically, TPAs are highly reliant on manual, labor-intensive procedures for claims processing. TPAs subscribe to various software to manage filing, as well as communication of claims, thereby reducing cost margins. Such software is typically designed to streamline operations, reduce process complexity and costs, manage compliance with new regulations and increase customer satisfaction. However, the industry is fragmented because different software is used for different steps in the claims process. Given that different software will use different mechanisms for filing, processing and reimbursement, there are several manual handoffs in the entire process. The industry is rapidly shifting towards cloud computing, in order to expand software capabilities on platforms previously limited by hardware. The industry is also striving to make data more accessible, which paves the way for new business models, such as SaaS.

### *Strategy*

The Company’s goal is to be a leader in the development, sale and maintenance of a sophisticated platform for all aspects of healthcare and benefits administration.

The Company can transform how employers, insurance brokers and insurance carriers deliver value for employees and their families. This is to be achieved by strengthening the Company’s position as a leading cloud-based benefits management platform for buyers and sellers, working closely with insurance brokers as partners in the ecosystem. Key elements of the Company’s growth strategy includes the following:

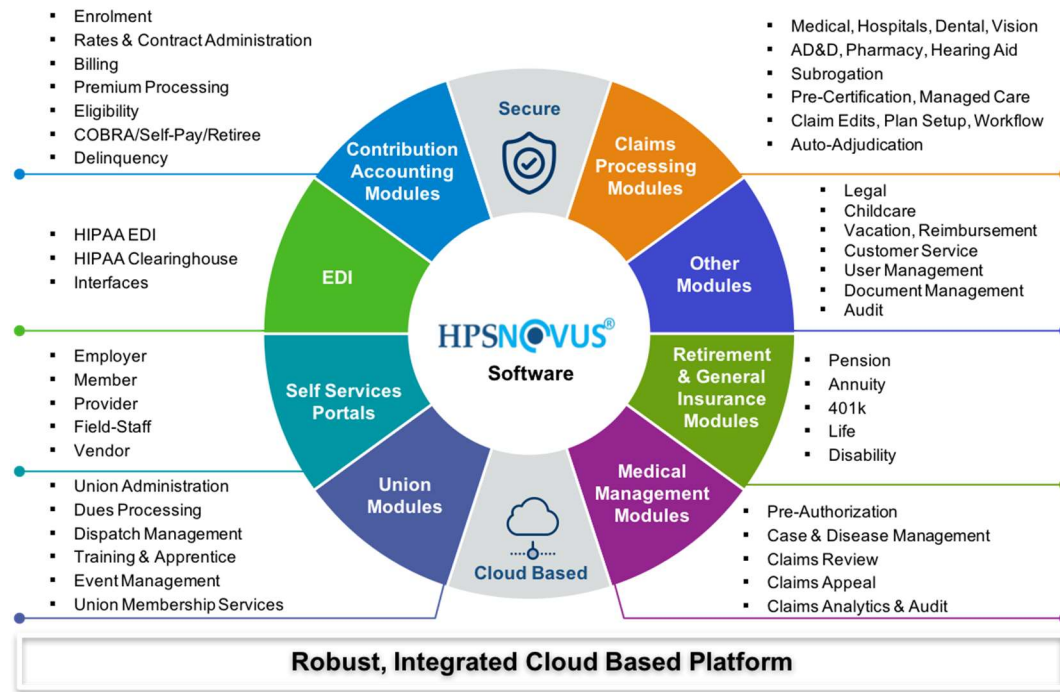
1. **Reach more potential clients:** The Company achieved significant growth in recent years despite that it only has one full time salesperson. Adding to the sales team will unleash a new round of organic growth for the HPS NOVUS platform.
2. **Acquisitions:** Look for strategic opportunities to increase its current market share within the healthcare and insurance sectors by acquiring competitors.
3. **Telehealth:** Leveraging its extensive client base, The Company expects to experience significant growth after launching its Telehealth platform. The Telehealth platform will allow the Company to have a role in every single stage of financial transactions within the healthcare and insurance ecosystem.

### *HPS NOVUS – Software Platform*

HPS NOVUS is a fully integrated and extensible platform of health and benefits administration, including insurance plan design, claim processing, recording keeping and more. The platform was built with a modular approach that provides an extensible and scalable solution for all services related to insurance and benefits. HPS NOVUS ensures that an organization or a TPA fully automates every aspect of its insurance claims administration by bringing everyone from the employee to the insurer onto a single platform.

HPS NOVUS is compliant with the US Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) standards, as well as the US Health Information Technology for Economic and Clinical Health Act (“HITECH Act”). All data and communication on HPS NOVUS is encrypted.

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*Sterling MM – Clinical Utilization Services*

Sterling MM provides a comprehensive medical management program and it specializes in using modern technical tools, such as Electronic Data Interchange (“EDI”), with confidentiality and security features mandated by HIPAA and the HITECH Act. Sterling MM services are managed by physicians and nurses with over 60 years of experience in healthcare management and administration. Sterling MM’s platform can serve as primary service provider or as a sub-contracted servicer for another TPA service provider. Sterling MM is URAC (Utilization Review Accreditation Commission) accredited for Health Utilization Management and has been managing healthcare in partnership with payers since 1995.

Services provided by Sterling MM follow the following steps:

1. Pre-certification review (by phone, fax or secure online portal) and approval for elective hospitalizations. The program relies upon standardized criteria to conduct review for inpatient care and medical policies and clinical guidelines for use in both inpatient and outpatient services.
2. Retrospective review of all cases that were not pre-authorized in a timely fashion, including emergency admissions.
3. Plan design consultation by experience medical staff for insurance companies and self-insured welfare funds. Sterling MM’s staff help determine medical necessity to cover or not cover services and also help determine appropriate fees for procedure codes. Outpatient services will review for a specific list of outpatient services as determined by the insurer. A medical review and analysis of services is also conducted.
4. Discharge planning is coordinated along with the discharge coordinator for the hospital and the patient or family for care after discharge.
5. Sterling MM will also determine if there is a need for case management services and initiate case management where necessary.
6. Claims audits are conducted prior to payment to avoid over payment, or post-payment recovery. All transaction are electronic and turn-around time can be done as quickly as in one business day.
7. Sterling MM’s nursing staff conduct review of continued stays for inpatient care on a daily basis after admission.

#### *LionGen – TPA Services*

LionGen is a licensed TPA in the US and has experience running TPA's on HPS NOVUS with great service efficiency. The Company is seeking a target TPA acquisition pipeline to integrate the highly fragmented market where currently no TPA has more than a 5% share.

LionGen is a TPA that manages different functions of benefits such as: claims processing, utilization review and membership functions, including the processing of retirement plans and flexible spending accounts. For self-funded entities, LionGen administers: medical/dental provider networks, stop loss insurance, pharmacy benefit manager, medical management, voluntary benefits and more.

#### *Telehealth*

Telehealth is an emerging market in the United States that has only recently ramped up in terms of patient visits due to the COVID-19 pandemic. The Company's upcoming Telehealth platform will include a user facing app available on the web, iOS and Android that is fully integrated with the HPS NOVUS platform. Any user can interact with doctors, clinics and hospitals.

The app allows its users to connect to most major electronic medical records databases, payment gateways and billing systems. All of the records on the app will be encrypted giving full control to the user. Every transaction from benefit to claim is now in one single system.

#### *Licensing*

The Company licenses its healthcare administrative software, HPS NOVUS, to customers, providing customization to the core software, ongoing maintenance services and consulting services therein. The Company's customers include: unions, union funds, self-insured funds, insurance companies, TPAs, hospitals, doctors, dentists and practitioners, and healthcare consumers. The licensing of core software involves a multiple-element arrangement consisting of delivery of a core license, customizations and installations of modules, and subsequent maintenance services (such as telephone consulting, product updates and releases of new versions of products previously purchased by the customer, as well as error reporting and correction services).

#### *Claims Processing and Related Services*

CHS provides claims processing and related services, such as consulting, implementation and training.

#### **Reverse Takeover and Listing 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. In order to facilitate the completion of this transaction, the Company completed a private placement of 9,976,949 subscription receipts for total proceeds of \$3,622,303 (\$4,489,627 CAD). Each subscription unit is comprised of a common share of the Company and one-half of a share purchase warrant. Each share purchase warrant entitles its holder to acquire one share of the Company at \$0.75 CAD. Following this transaction, the resulting issuer would be a publicly listed company.

After completion of the Transaction and concurrent private placement, on a non-diluted basis, the former holders of CHS shares will own approximately 66,237,286 Resulting Issuer shares, representing 96.97% of the shares of the Resulting Issuer. The existing holders of Greenstone will own 2,066,667 shares, representing 3.03% of the total Resulting Issuer shares.

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As part of the 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 the reverse takeover transaction date, 698,260 director and officer options were outstanding. As part of the Transaction, the 698,260 director and officer options were exchanged for 197,681 options respectively of the Resulting Issuer exercisable at \$0.15 CAD per unit.

In preparation for the Transaction, CHS issued convertible notes to investors in exchange for \$3,698,596 (\$4,722,660 CAD) less transaction costs of \$344,271 (\$439,556 CAD). 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 CHS at approximately \$0.36 CAD per unit. Upon conversion, debenture holders received 13,118,139 CHS units for the converted principal balance and 942,800 units 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 for a duration of two years.

**Results of Operations – Nine months ended September 30, 2022**

	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Revenue	\$ 3,282,285	\$ 3,594,172
Net income (loss)	(3,216,460)	(2,749,230)
Weighted average shares outstanding	68,857,802	24,709,744
Earnings (loss) per share	(0.05)	(0.11)

The Company incurred a net loss of \$3,216,460 (2021 - \$2,749,230). The loss incurred in 2022 relative to the 2021 comparative period was due to higher research and development costs with outside consultants. An increase in general and administrative expenses also increased the Company's net loss during the nine months ended September 30, 2022 relative to the comparative period. \$79,464 and \$103,000 in impairment charges on accounts receivable and contract assets respectively were recognized during the nine months ended September 30, 2022 that were not incurred during the 2021 comparative period. Additionally, in the prior year comparative period, the Company recognized \$445,620 in income pertaining to loan proceeds that met the forgiveness criteria as government assistance.

**Revenue and Costs of Revenue**

During the nine months ended September 30, 2022, the Company generated revenue of \$3,282,285 (2021 - \$3,594,172). The decrease in revenue from the 2021 comparative period was due to the Company completing most of the work on its major customer software customization projects during the 2021 comparative period. The Company also had fewer customer software improvement projects during 2022, further resulting in a decline in revenue. This decrease was partially offset by the Company's completion of a settlement with one of its major customers to collect amounts owed for software customization, improvement and maintenance services provided. No similar settlements were completed during the 2021 comparative period.

During the nine months ended September 30, 2022, the Company incurred costs of revenue of \$2,225,810 (2021 - \$2,366,483). The decline in costs from 2021 was primarily due to a decrease in expenses associated with software development and maintenance. These mainly include expenses related to paying internal employees as well as a general decline in server rental costs.

**Operating expenses**

During the nine months ended September 30, 2022, the Company incurred operating expenses of \$4,218,394 (2021 - \$2,753,384). The increase from 2021 to 2022 is mainly due to a rise in general and administrative, research and development and selling expenses.

General and administrative expenses increased to \$3,351,784 (2021 - \$2,070,259) during the nine months ended September 30, 2022. The increase from 2021 to 2022 was primarily due to a rise in legal, accounting and other professional fees associated with the Company being publicly listed. The Company also incurred considerable legal fees in connection with potential business acquisitions it was pursuing throughout the nine months ended September 30, 2022.

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Research and development expenses increased to \$407,160 (2021 - \$291,385) during the nine months ended September 30, 2022. This increase was due to the incurrence of costs in 2022 relating to the development of a new app the Company was planning to use to supplement its service offering. No similar research and development costs were incurred in the 2021 comparative period.

Selling expenses increased to \$373,671 (2021 - \$318,516) during the nine months ended September 30, 2022. This increase was due to higher travel expenses from the lifting of COVID-19 travel restrictions.

There was no significant change in depreciation expenses during the nine months ended September 30, 2022.

During the nine months ended September 30, 2022, the Company incurred \$12,194 in share-based payment expenses. No similar expenses were incurred during the 2021 comparative period. These expenses related to the 6,200,000 in option granted by the Company during the nine months ended September 30, 2022.

**Results of Operations – Three Months Ended September 30, 2022**

	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Revenue	\$ 960,980	\$ 1,312,456
Net income (loss)	(1,490,374)	(1,270,484)
Weighted average shares outstanding	69,503,956	25,018,877
Earnings (loss) per share	(0.02)	(0.05)

The Company incurred a net loss of \$1,490,374 (2021 - \$1,270,484). The loss incurred in 2022 relative to the 2021 comparative period was due to lower revenues earned from contracts with customers. The Company recognized \$79,464 in expenses pertaining to the impairment of its accounts receivable and \$103,000 in relation to the impairment of its contract asset balances. These expenses did not exist during the 2021 comparative period. The Company also incurred higher general and administrative and research and development expenses relative to the 2021 comparative period.

**Revenue and Costs of Revenue**

During the three months ended September 30, 2022, the Company generated revenue of \$960,980 (2021 - \$1,312,456). The decrease in revenue from the 2021 comparative period was due to the Company not working on any significant customer software customization projects during 2022. The Company had four such projects ongoing throughout the three months ended September 30, 2021. No similar settlements were completed during the 2021 comparative period. The Company also had less general customer service activity during the three months ended September 30, 2022 relative to the 2021 comparative period.

During the three months ended September 30, 2022, the Company incurred costs of revenue of \$773,576 (2021 - \$859,324). The decrease in costs from 2021 was primarily due to a fall in expenses associated with software development and maintenance. These decreases included expenses related to paying external consultants and internal employees.

**Operating expenses**

During the three months ended September 30, 2022, the Company incurred operating expenses of \$1,422,910 (2021 - \$884,851). The increase from 2021 to 2022 is mainly due to a rise in general and administrative, research and development and share-based payments offset by decreases in selling expenses.

General and administrative expenses increased to \$1,133,978 (2021 - \$599,853) during the three months ended September 30, 2022. The increase from 2021 to 2022 was primarily due to a rise in legal, accounting and other professional fees associated with the Company being publicly listed. The Company also began incurring significant legal expenses during the three months ended September 30, 2022 in connection with pursuing new business acquisition opportunities.

There was no significant change in research and development costs during the three months ended September 30, 2022.

Selling expenses decreased to \$149,103 (2021 - \$163,610) during the nine months ended September 30, 2022. This decrease was due to higher travel expenses from the lifting of COVID-19 travel restrictions and the incurrence of additional business promotion expenses with consultants.

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There was no significant change in depreciation expenses during the nine months ended September 30, 2022.

During the three months ended September 30, 2022, the Company incurred \$12,194 in share-based payment expenses relating to the grant of 6,200,000 in options. No similar options were granted during the 2021 comparative period.

**Summary of Quarterly Results**

The following table provides selected quarterly financial data for the most recently completed quarters:

	Three months ended							
	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Revenue	960,980	1,235,484	1,085,821	902,013	1,312,456	1,177,566	1,104,150	882,408
Net loss for the period	(1,490,374)	(699,308)	(1,026,778)	(2,176,375)	(1,270,484)	(1,052,499)	(426,247)	(963,755)
Earnings (loss) per share	(0.02)	(0.01)	(0.02)	(0.03)	(0.05)	(0.04)	(0.02)	(0.04)

*Summary of Results During Quarters*

The Company incurred a higher net loss during the three months ended September 30, 2022 in comparison to the three months ended September 30, 2021. The increase was due to a decline in revenues earned on contracts with customers due to not servicing software customization projects. The Company also recognized \$79,464 and \$103,000 pertaining to impairment charges on its accounts receivable and contract asset balances that did not occur during the 2021 comparative period.

The Company incurred a lower net loss during the three months ended June 30, 2022 in comparison to the three months ended June 30, 2021. The decrease was due to an increase in revenues earned on contracts with customers. The Company also recognized \$241,487 and \$44,500 pertaining to debt modifications and accounts receivable recoveries that did not also occur during the 2021 comparative period. Significant interest expenses associated with the Company's convertible debentures were also incurred in 2021 whereas the debt was no longer outstanding in 2022.

The Company incurred a higher net loss during the three months ended March 31, 2022 in comparison to the three months ended March 31, 2021. The increase was largely due to public company related expenses that were not incurred in the 2021 comparative period when the Company was not public.

The Company incurred a higher net loss during the three months ended December 31, 2021 in comparison to the three months ended December 31, 2020. The increase was largely due to increased costs incurred in conjunction with the Company's reverse takeover transaction and the pursuit of potential business acquisition targets. Salary and benefit expenses also increased due to the Company hiring additional employees throughout 2021. The Company's revenue fell due to a decline in revenue recognized on its software development projects.

**Liquidity and Capital Resources**

The accompanying condensed consolidated interim financial statements have been prepared on a basis that contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company anticipates that it will have sufficient resources to meet the working capital requirements of the Company for at least the next 12 months. This assessment is based on the Company's current cash, as well as the net proceeds of the equity financings the Company expects to consummate.

During the nine months ended September 30, 2022, the Company had a working capital deficit of \$1,766,765 (December 31, 2021 - \$568,149 surplus). The decreased working capital in 2022 was primarily due to a decrease in cash as a result of the Company covering its operating expenses. Working capital also deteriorated due to the Company repaying its term loan and meeting its lease commitments.

## **Cash Flows**

Historically and prospectively, the Company's primary source of liquidity and capital resources has been and will continue to be proceeds from operations, debt and equity financing.

Based on its current level of operations and expected results of operations over the next 12 months, the Company believes that cash generated from operations and cash on hand and anticipated future capital raises, will be adequate to meet anticipated liquidity requirements, capital expenditures and working capital needs for the next 12 months. However, it cannot be certain that the Company will be able to raise capital through the issuance of debt or equity to continue operations. The Company's future operating performance and its ability to service its debt will be subject to future economic conditions and to financial, business and other factors, many of which are beyond its control. See "Financial Instrument Risk Management" of this MD&A for a discussion of the risks related to our liquidity and capital structure.

As at September 30, 2022, the Company had cash of \$133,278 (December 31, 2021 - \$3,395,094).

Net cash used in operating activities for the nine months ended September 30, 2022 was \$3,006,795 (2021 - \$1,925,897). The Company continues to generate net losses and negative cash flows from operating activities due to the expenses incurred relating to cost of goods sold as well as selling and general and administrative expenses. During the nine months ended September 30, 2022, the Company incurred \$2,399,170 of salaries and benefit expenses (2021 - \$2,198,332) and \$1,539,940 in consulting expenses (2021 - \$1,239,111) that significantly affected operating activity.

Net cash used in investing activities for the nine months ended September 30, 2022 was \$52,222 (2021 - \$215,076 provided) related to expenditures on new equipment and a new office security deposit. The investing cash inflows during the nine months ended September 30, 2021 related to funds acquired on completion of the reverse takeover transaction.

Net cash used in financing activities for the nine months ended September 30, 2022 was \$202,799 (2021 - \$1,200,652 provided) and related to loan repayments and payments on lease liabilities. The financing cash inflows during the nine months ended September 30, 2021 related to proceeds from convertible debenture financing offset by loan repayments.

## **Other Factors Affecting Liquidity**

The Company may also raise additional equity or debt capital or enter into arrangements to secure necessary financing to fund the completion of development projects, to meet obligations or for the general corporate purposes of the Company. Such arrangements may take the form of loans, strategic agreements, joint ventures or other agreements. The sale of additional equity could result in additional dilution to the Company's existing stockholders, and financing arrangements may not be available to us, or may not be available in sufficient amounts or on acceptable terms.

From time to time, the Company may pursue various strategic business opportunities. These opportunities may include proposed development and/or management of investment in or ownership of additional businesses through direct investments, acquisitions, joint venture arrangements and other transactions. The Company can provide no assurance that it will successfully identify additional opportunities or that, if it does identify and pursue existing opportunities, any of them will be consummated.

## **Off-Balance Sheet Arrangements**

On September 21, 2022, the Company entered into a membership interest purchase agreement with Professional Benefits Administrators West, LLC ("Benveo"). Pursuant to the agreement, the Company intends to acquire all of the issued and outstanding shares of Benveo in exchange for up to \$1,000,000 in proceeds. \$300,000 of the consideration is to be paid in cash and held in escrow within 45 days of the agreement date. Another \$300,000 in cash consideration is to be paid into the escrow account 90 days after the agreement date.

The acquisition closes on the later of the date all closing conditions are met, the date on which the initial \$600,000 in consideration is paid or some other date as agreed between the Company and Benveo.

The Company agreed to pay the final consideration of up to \$400,000 if the following conditions are met:

- a) If the Company's revenue for the trailing twelve-month period ending with the calendar month preceding the date that is 18-months following the agreement closing date (the "Measurement Period"), is equal to or greater than the Company's revenue for the trailing twelve-month period ending with the calendar month preceding the agreement closing date (the "Revenue Threshold"), Buyer shall pay the full amount of the Milestone Payment.

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- b) If the Company's revenue for the Measurement Period is less than the Revenue Threshold, the \$400,000 shall be reduced by a percentage equal to the percentage by which the actual revenue for the Measurement Period is less than the Revenue Threshold. By way of example, if the actual revenue is 10% less than the Revenue Threshold, the amount of the Milestone Payment will be reduced by 10%.
- c) The date of determination of the actual revenue for the Measurement Period and the resulting amount of the Milestone Payment shall be referred to as the "Milestone Event." Seller Representative will be responsible for the distribution of any Milestone Payment to Sellers.

The additional \$400,000 in consideration may be paid in both cash and shares.

Subsequent to closing, the Company is obligated to pay up to a further \$50,000 if Benveo's working capital at the acquisition closing date exceeds \$150,000. The amount paid is dependent on how much the post-closing working capital exceeds \$150,000. The maximum post-closing consideration is \$50,000. If the post-closing working capital is below \$150,000, the Company is entitled to receive the difference between these two amounts up to a total of \$50,000 in proceeds.

**Contractual Commitments:**

None.

**Related Party Transactions**

*Key management compensation*

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 Company had the following key management personnel and related companies as of September 30, 2022:

**Key management personnel:**

Dr. Hassan Mohaideen	Former CEO and Director
Chris Cosgrove	CEO and Director
Ryan Cosgrove	Related to Chris Cosgrove
Alex McAulay	CFO
Treewalk Consulting Inc.	Company controlled by the CFO
Mariam Cather	CSO and Director
Satish Kurian	CIO
Vikas Ranjan	Director
Amit Dutta	Director
Dr. Fiona Gupta	Director
Mo Fazil	Director
Lion Park Capital	Company controlled by Mo Fazil
Hunch Ventures	Significant shareholder

On April 1, 2022, Dr. Hassan Mohaideen resigned from his position as CEO and director of the Company. Chris Cosgrove was appointed as the new CEO of the Company.

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The remuneration of directors and key management personnel during the nine months ended September 30, 2022 and 2021 was as follows:

	<b>2022</b>	<b>2021</b>
<b>Salaries and benefits</b>		
Dr. Hassan Mohaideen	\$ 86,250	\$ 376,813
Chris Cosgrove	200,541	-
Ryan Cosgrove	27,500	-
Mariam Cather	184,606	229,774
Satish Kurian	139,050	203,168
	<b>\$ 637,947</b>	<b>\$ 809,755</b>
<b>Consulting fees</b>		
Dr. Hassan Mohaideen	\$ 300,000	\$ -
Alex McAulay	21,529	-
Treewalk Consulting Inc.	56,121	184,226
Vikas Ranjan	70,527	-
Hunch Ventures	225,000	-
	<b>\$ 673,177</b>	<b>\$ 184,226</b>
<b>Director fees</b>		
Dr. Hassan Mohaideen	\$ 10,000	\$ -
Mariam Cather	5,000	-
Vikas Ranjan	15,000	-
Amit Dutta	15,000	25,000
Fiona Gupta	15,000	25,000
Mo Fazil	15,000	-
	<b>\$ 75,000</b>	<b>\$ 50,000</b>
<b>Share-based payments</b>		
Chris Cosgrove	\$ 4,070	\$ -
Ryan Cosgrove	57	-
Mariam Cather	407	-
Satish Kurian	212	-
Vikas Ranjan	1,249	-
Amit Dutta	375	-
Fiona Gupta	375	-
Mo Fazil	375	-
Hunch Ventures	2,123	-
	<b>\$ 9,243</b>	<b>\$ -</b>
	<b>\$ 1,395,367</b>	<b>\$ 1,043,981</b>

During May 2022, the Company issued 1,200,000 shares to Lion Park Capital to settle a \$357,900 obligation to issue shares.

**COMPREHENSIVE HEALTHCARE SYSTEMS, INC.,**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

As at September 30, 2022, the Company owed the following amounts to directors and key management personnel:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
<b>Accounts payable and accrued liabilities</b>		
Dr. Hassan Mohaideen	\$ 150,000	\$ -
Chris Cosgrove	26,675	-
Alex McAulay	8,277	-
Treewalk Consulting Inc.	15,226	26,943
Mariam Cather	1,615	-
Vikas Ranjan	10,000	8,000
Fiona Gupta	10,000	-
Mo Fazil	10,000	-
Amit Dutta	10,000	20,833
Hunch Ventures	258,333	-
	<b>\$ 500,126</b>	<b>\$ 55,776</b>
	<b>\$ 500,126</b>	<b>\$ 55,776</b>

**Proposed Transactions**

None.

**Critical Accounting Estimates and Judgments**

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Significant accounting estimates and judgments are outlined in Note 2 to the December 31, 2021 audited consolidated financial statements.

**Changes in Accounting Policies including Initial Adoption**

*Initial adoption of new accounting standards*

No new accounting standards were adopted during the nine months ended September 30, 2022. The Company's existing accounting policies are outlined in Note 3 to its December 31, 2021 audited consolidated financial statements.

**Financial Instrument Risk Management**

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
<b>FVTPL:</b>		
Cash	\$ 133,278	\$ 3,395,094
<b>Amortized cost:</b>		
Accounts receivable	168,872	194,968
	<b>\$ 302,150</b>	<b>\$ 3,590,062</b>

**COMPREHENSIVE HEALTHCARE SYSTEMS, INC.,**  
MANAGEMENT DISCUSSION AND ANALYSIS

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Amortized cost:		
Accounts payable and accrued expenses	\$ 1,809,138	\$ 1,369,458
Line of credit	-	987,399
Term loan	968,084	304,418
Loan payable	75,993	69,583
	<b>\$ 2,853,215</b>	<b>\$ 2,730,858</b>

*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:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;  
and
- c) Level 3 – Inputs that are not based on observable market data.

The carrying value of the Company's financial assets and liabilities as at September 30, 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*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and trade accounts receivable. The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company mitigates its credit risk on receivables by actively managing and monitoring its receivables. 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. Accounts receivable are shown net of any provision made for impairment of the receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

**COMPREHENSIVE HEALTHCARE SYSTEMS, INC.,**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

The Company's aging of trade receivables was as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
0 - 30 days	\$ 47,856	\$ 74,356
31 - 60 days	81,953	17,984
61 - 90 days	22,798	5,270
Over 90 days	16,265	97,358
	<b>\$ 168,872</b>	<b>\$ 194,968</b>

The Company applies a direct customer analysis approach to measure expected credit losses. The Company assesses the collectability of receivables of each customer on an individual basis using quantitative and qualitative information available to management. The historical loss rates are adjusted to reflect the current and forward-looking information on economic factors affecting the ability of the customers to make regular monthly payments on the receivables.

During the nine months ended September 30, 2022, the Company identified significantly overdue trade accounts receivable with two customers. Since these trade accounts receivables have been outstanding for numerous months and there is uncertainty surrounding the collection of the receivables, the Company recognized an impairment loss on the trade accounts receivables of \$79,464 (2021 - \$Nil). During the same nine month period, the Company reached a settlement agreement with several customers resulting in the recovery of \$44,500 (2021 - \$Nil) in previously impaired accounts receivables.

*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 September 30, 2022:

	<b>2022</b>	<b>2023 - 2027</b>	<b>Thereafter</b>
Accounts payable and accrued expenses	\$ 1,809,138	\$ -	\$ -
Term loan	55,495	1,223,876	-
Lease payable	34,266	370,846	-
Loan payable	13,158	43,860	196,639
	<b>\$ 1,912,057</b>	<b>\$ 1,638,582</b>	<b>\$ 196,639</b>

*Foreign exchange 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 Canadian dollar accounts payable, debentures and bank account. Based on these foreign currency financial instruments held as at September 30, 2022, a 10% change in foreign exchange rates would change the Company's net loss by approximately \$1,000 (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.

Based on borrowings that accrue interest and do not have a fixed interest rate as at September 30, 2022, a 1% change in interest rates would change its net loss by approximately \$Nil (December 31, 2021 - \$13,000).

## **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. As a young growth company, 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.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2022. There are no external restrictions on the management of capital.

## **Share Capital**

As at September 30, 2022, there were 69,503,956 (December 31, 2021 – 68,303,956) common shares issued and outstanding. As of the date of this MD&A, there were 84,483,956 common shares issued and outstanding.

*The Company had the following share activity during the nine months ended September 30, 2022:*

The Company issued 1,200,000 shares to settle its \$357,900 obligation to issue shares.

*The Company had the following share activity during the nine months ended September 30, 2021:*

During the nine months ended September 30, 2021, the Company repurchased 864,331 shares previously issued to Advanced Technology Consultants Inc. for \$260,000. Following the repurchase, these shares were issued to existing shareholders in proportion to each individual's share ownership in the Company.

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.

On completion of the reverse takeover transaction, the Company's 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 for the converted principal balance and 942,800 units 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 for a duration of two years.

During April 2021, the Company entered into subscription agreements to issue 9,976,949 subscription units. The subscription units had a unit price of \$0.45 per share and were 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 in October 2021.

## **Subsequent Events**

- a) On October 31, 2022, the Company closed the first tranche of a non-brokered private placement (the "Private Placement"). The Company issued 14,980,000 units (the "Units") at a price of \$0.05 per Unit for gross proceeds of \$749,000.

Each Unit consists of one common share in the capital of the Company and a transferable common share purchase warrant. Each warrant is exercisable for a period of 24 months from the date of issuance (the "Exercise Period"). Each warrant entitles the holder to purchase one share at a price of \$0.10 per share for the first 12 months of the Exercise Period and at a price of \$0.15 per share between 12 and 24 months of the Exercise Period.

In connection with the closing, the Company paid finder's fees of \$33,880 and issued an aggregate of 677,600 warrants expiring 24 months from the date of issuance (the "Finder Warrants"). Each Finder Warrant entitles the holder to

purchase one share at a price of \$0.10 per share for the first 12 months of the Exercise Period and at a price of \$0.15 per share between 12 and 24 months of the Exercise Period.

The Company incurred \$37,000 in deferred financing costs during the period ended September 30, 2022 related to the Private Placement.

- b) On October 1, 2022, the Company entered into a lease agreement for a new office space. The lease runs until September 30, 2024 and has a monthly base fee of \$35,000. The monthly rent will automatically increase by 8% of the monthly rent for the month preceeding the renewal date or the monthly market rate amount, whichever is greater.

The Company paid a security deposit of \$66,000 towards the new lease.

### **Management's Responsibility for Financial Statements**

The Company's management is responsible for presentation and preparation of the financial statements and the MD&A. The MD&A have been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information, we must interpret the requirements described above, make determinations as to the relevancy of information included, and make estimates and assumptions that affect reported information.

The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as anticipated.

### **Management's Report on Disclosure Controls and Procedures and Internal Control Over Financial Reporting**

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal controls over financial reporting. There have been no changes in the Company's disclosure controls and procedures for the three and nine months ended September 30, 2022.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the three and nine months ended September 30, 2022, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

### **Limitations of Controls and Procedures**

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.