CardioComm Solutions, Inc.

Management's Discussion and Analysis

For the quarter ended September 30, 2019

Management's Discussion and Analysis
Financial Condition and Results of Operations

Background

This discussion and analysis of financial position and results of operations is prepared as at November 28, 2019 and should be read in conjunction with the financial statements of CardioComm Solutions, Inc. ("CardioComm" or the "Company") as at September 30, 2019. The financial statements have been prepared in accordance with international Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included herein and the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

The Company is a reporting issuer in British Columbia, Alberta, and Ontario, and trades on the TSX Venture Exchange under the symbol "EKG". The content of this MD&A has been approved by the board of directors of the Company (the "Board"), on the recommendation of its Audit Committee.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management Discussion and Analysis may include forward-looking statements with respect to business plans, activities, prospects, opportunities and events anticipated or being pursued by the Company and the Company's future results. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward-looking information. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) the uncertainty as to product development and commercialization milestones, (3) the uncertainty as to the regulatory approval of the Company's technology or intellectual property, (4) the risk that the Company does not execute its business plan, (5) inability to retain key employees, (6) inability to finance operations and growth, and (7) other factors beyond the Company's control.

Forward-looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements set out in this MD&A and, subject to applicable securities laws, does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

Overall Performance

Financial condition for the three month period ending September 30, 2019 (Q3 2019):

- Revenue was $249,180 compared to $287,878 in Q3 2018 or a decrease of 13.4%.
- Net loss and comprehensive loss was $105,027 compared to a net loss and comprehensive loss of $101,251 in Q3 2018, a small increase of $3,776 or 3.7%.

Financial condition for the nine month period ending September 30, 2019:

- Revenue was $667,682 compared to $791,216 at September 30, 2018 or a decrease 15.6%.
- Net loss and comprehensive loss was $379,463 compared to a net loss and comprehensive loss of $361,743 at September 30, 2018, an increase of $17,720 or 4.9%.

Company Overview

The Company was incorporated under the laws of British Columbia on October 26, 1989 and operated as a computer related consulting firm until 1991. In 1992, the Company commenced activities in research and development of advanced software and hardware related to a personal heart arrhythmia monitoring system.

Effective December 7, 1998, the Company's name was changed to CardioComm Solutions Inc., and to CardioComm Solutions, Inc. effective November 26, 2007.

The Company's proprietary device connectivity and ECG management technologies are used in medical, consumer, clinical research and telemedicine solutions for the recording, transmission, viewing, analyzing, reporting and storage of electrocardiograms (ECGs), for arrhythmia screening, diagnosis and management of cardiac patients. The Global ECG Management Solutions ("GEMS™") and GlobalCardio (Cloud based GEMS™) products are licensed worldwide to hospitals, ECG commercial reading services and physician. The Company has earned the ISO 13485:2016 under MDSAP certification, is HPB approved, HIPAA compliant, and has received FDA, Health Canada, European Union CE Mark, and Chinese SFDA market clearances for software and HeartCheck™ ECG devices. CardioComm Solutions, Inc. is headquartered in Toronto, Canada.

The Company is the first company to receive Class II medical device clearances for the sales of personal ECG monitors, computers applications and Smartphone apps direct to consumers in Canada and the United States. The products are marketed under the HeartCheck™ brand. The Company developed compatibility of the HeartCheck™ branded devices to its GEMS™ and GlobalCardio™ based Smartphone and computer software technologies to enable use of the Company`s technologies for remote patient and telemedicine ECG/arrhythmia monitoring services in the prescription and consumer (over-the-counter) markets. The Company also enables third ECG monitoring party devices without the HeartCheck™ brand to be connected to its ECG management software. The Company operates a fee-for-service ECG reading service named the SMART Monitoring ECG reading service through which ECGs recorded by a HeartCheck™ device or HeartCheck™ compatible devices may be reviewed by an ECG reading service. The Company plans to continue introducing new HeartCheck™ branded and compatible ECG monitoring devices on an ongoing basis.

In late 2019, the Company became active in providing non-Canadian companies the opportunity to sell their ISO 13485:2016 cleared medical devices in Canada under CardioComm's medical device ISO certification under MDSAP. This provides the Company exclusive distribution rights under this business relationship in Canada.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's most recent eight quarters. This information has been prepared in accordance with IFRS and presents selected financial information for the Company.

	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Total revenue	385,094	314,096	189,242	287,879	284,347	216,147	202,353	249,180
Net (loss) income	22,262	(71,052)	(189,440)	(91,900)	(224,672)	(140,571)	(133,868)	(105,027)
Basic and diluted earnings per share	$0.00	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)
Total assets	1,539,513	1,455,409	1,262,600	1,193,573	1,089,796	1,050,210	990,177	961,652
Total liabilities	1,050,097	1,037,145	1,031,267	1,054,141	1,158,209	1,146,692	1,171,826	1,200,415

RESULTS OF OPERATIONS

For the three months ended September 30, 2019 compared to the three months ended September 30, 2018 and 2017.

The following table shows operating results expressed as a percentage of revenue for the three months ended 30 September:

Results as % revenue - quarter	Q3 2019	Q3 2018	Q3 2017
Revenue	100%	100%	100%
Operations	107%	98%	70%
Sales, service & support	22%	17%	16%
Marketing	4%	0%	0%
Research & development	4%	15%	3%
Total expenses	137%	130%	94%
Operating income (loss)	(37%)	(30%)	6%
Other income (loss)	0%	(2%)	(4%)
Net income (loss)	(37%)	(32%)	2%

The following table shows revenue by product line expressed as a percentage of revenue for the three months ended 30 September:

Revenue by product line - quarter	Q3 2019	Q3 2018	Q3 2017
Software	66%	46%	37%
Hardware	15%	35%	21%
Support	18%	11%	13%
Services	1%	8%	29%
Total	**100%**	**100%**	**100%**

The following table shows revenue by product line expressed as a percentage of revenue for the three months ended 30 September:

Revenue by region – quarter	Q3 2019	Q3 2018	Q3 2017
USA	**47%**	42%	34%
Canada	**42%**	32%	57%
Other	**11%**	26%	8%
	100%	100%	100%

Revenue

Revenue for the three months ended September 30, 2019 was $249,180 compared to $287,878 for the three months ended September 30, 2018, a decrease of 13.4%. In the third quarter 2019, the Company did not receive any material work relating to services or custom engineering projects. Software licensing and support increased by 24.2% and 50.8% respectively and accounted for most of the increase in sales. Supplies of the USB connected HeartCheck™ ECG PEN to Shoppers Drug Mart have been suspended as the Company prepares to replace sales of these devices with Bluetooth connected devices. Production of the USB connected HeartCheck™ ECG PEN will be suspended in advance of production of a Bluetooth version.

Cost of sales

Cost of sales for the three months ended September 30, 2019 was $47,840 compared to $54,357 for the three months ended September 30, 2018, a decrease of 12.0%. The cost of sales decrease is due to lower USB HeartCheck™ ECG PEN sales.

Operations

Operations expenses for the three months ended September 30, 2019, were $266,567 compared to $281,702 for the three months ended September 30, 2018, a decrease of $15,135 or 5.4%.

Sales, service and support

Sales, service and support expenses for the three months ended September 30, 2019 were $55,690 compared to $62,900 for the three months ended September 30, 2018, a decrease of $7,210 or 11.5%. The Company continues to identify some measures to achieve savings in expenses which have positively impacted this area.

Marketing

Marketing expenses for the three months ended September 30, 2019 were $10,026 compared to $324 for the three months ended September 30, 2018. In Q4 2018, the Company entered into an agreement for services with a marketing provider which accounts for the bulk of the change in expense. This reflects that the Company's move from new product development towards preparations to launch new products in 2019.

Research and development

Research and development expenses for the three months ended September 30, 2019 were $14,813 compared to $43,825 for the three months ended September 30, 2018, a decrease of $29,012 or 66.2%. This reflects that the Company's move from new product development towards new product sales as it prepares to launch new products in 2019.

Net loss

CardioComm recorded a net loss of $105,027 or ($0.00) net loss per share for the three months ended September 30, 2019, compared to a net loss of $101,251 or ($0.00) net loss per share for the three months ended September 30, 2018. The basic and fully diluted weighted average number of shares outstanding was 139,123,144 as at September 30, 2019 compared to 137,213,815 as at September 30, 2018.

For the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 and 2017

The following table shows operating results expressed as a percentage of revenue for the nine months ended 30 September:

Results as % revenue – 9 months	Q3 2019	Q3 2018	Q3 2017
Revenue	100%	100%	100%
Operations	115%	113%	66%
Sales, service & support	29%	24%	17%
Marketing	5%	0%	2%
Research & development	4%	9%	4%
Total expenses	153%	146%	90%
Operating income (loss)	(53%)	(46%)	10%
Other income (loss)	0%	2%	(9%)
Net income (loss)	(53%)	(45%)	1%

The following table shows revenue by product line expressed as a percentage of revenue for the nine months ended 30 September:

Revenue by product line – 9 months	Q3 2019	Q3 2018	Q3 2017
Software	59%	42%	39%
Hardware	26%	37%	17%
Support	14%	12%	10%
Services	1%	9%	34%
Total	**100%**	**100%**	**100%**

The following table shows revenue by product line expressed as a percentage of revenue for the nine months ended 30 September:

Revenue by region – 9 months	Q3 2019	Q3 2018	Q3 2017
USA	51%	49%	48%
Canada	40%	46%	45%
Other	9%	5%	8%
	100%	100%	100%

Revenue

Revenue for the nine months ended September 30, 2019 was $667,682 compared to $791,216 for the nine months ended September 30, 2018, a decrease of 15.6% or $123,534. The decrease in the first nine months 2019 was related primarily to the Company not receiving any material work relating to services and custom engineering contracts. During this time, software licensing did increase by 17.9%. Supplies of the USB connected HeartCheck™ ECG PEN to Shoppers Drug Mart have been suspended as the Company prepares to replace sales of these devices with Bluetooth connected devices. Production of the USB connected HeartCheck™ ECG PEN will be suspended in advance of production of a Bluetooth version.

Cost of sales

Cost of sales for the nine months ended September 30, 2019 was $152,061 compared to $195,386 for the nine months ended September 30, 2018, a decrease of $43,325 or 22.2%. The decrease in cost of sales is due to lower USB HeartCheck™ ECG PEN sales.

Operations

Operations expenses for the nine months ended September 30, 2019, were $767,904 compared to $877,580 for the nine months ended September 30, 2018, a decrease of $109,676 or 12.5%. The Company has identified some measures to achieve savings in expenses which have yielded the decrease which included a reduction in salaries for certain key personnel.

Sales, service and support

Sales, service and support expenses for the nine months ended September 30, 2019 were $191,276 compared to $200,600 for the nine months ended September 30, 2018, a decrease of 4.6% or $9,324. The Company has identified some measures to achieve savings in expenses which have positively impacted this area.

Marketing

Marketing expenses for the nine months ended September 30, 2019 were $39,321 compared to $6,144 for the nine months ended September 30, 2018. At the end of 2018, the Company entered into an agreement for services with a marketing provider which accounts for the bulk of the change in expense. This reflects that the Company's move from new product development towards preparations to launch new products in 2019.

Research and development

Research and development expenses for the nine months ended September 30, 2019 were $34,875 compared to $73,825 for the nine months ended September 30, 2018, a decrease of $38,950 or 52.8%. This reflects that the Company's move from new product development towards new product sales as it prepares to launch new products in 2019.

Net loss

CardioComm recorded a net loss of $379,463 or ($0.00) net loss per share for the nine months ended September 30, 2019, compared to a net loss of $361,743 or ($0.00) net loss per share for the nine months ended September 30, 2018. The basic and fully diluted weighted average number of shares outstanding was 138,555,743 as at September 30, 2019 compared to 137,213,815 September 30, 2018.

Liquidity

Operating Activities

Cash outflows were $71,192 in the nine months ended September 30, 2019 (September 30, 2018: $91,868), a difference of $20,676. The nine month period ended September 30, 2019 had a net loss of $379,463 compared to net loss of $361,743 in the nine months ended September 30, 2018.

Investing Activities

Cash used for investing activities was $7,511 in the nine months ended September 30, 2019 (September 30, 2018: $13,712). The investing activities were due primarily to purchases of software system licensing.

Financing Activities

Net cash acquired by financing activities was $34,375 in the nine months ended September 30, 2019 (2018: $Nil). In the first quarter 2019, proceeds of $112,500 were received from the exercise of warrants, and in the second quarter 2019, $18,750 was derived from the exercise of stock options. These proceeds were offset by the repayment of $100,000 toward the short-term note. In the Q3 2019, $3,125 was derived from the exercise of stock options.

Cash Requirements

Short-term cash requirements are primarily related to funding of operations and marketing needs. Management continued to take steps to position the Company's operations to be cash flow positive. Management believes that its existing working capital, access to financing, as well as cash provided from GEMS™ software licensing and HeartCheck™ device sales will provide sufficient funds to maintain operations through the end of 2019. Management expects to continue to maintain its cost containment efforts and to see increases in revenue generation from newly released Bluetooth HeartCheck™ branded device sales, SMART Monitoring services associated with the release of a new Smartphone ECG app (GEMS™ Mobile ECG and GEMS™ Universal ECG), its hospital-based GEMS™ WIN software licensing and soon to be released GEMS™ FLEX software. The Company also expects to continue to realize revenue from equipment / device sales under preferred distribution, original

equipment manufacturer (OEM) agreements with a variety of ECG monitoring manufacturers and source code licensing agreements.

The Company has realized the risk associated with a reliance on NRE revenue which has fallen over the past six quarters. The Company has been working to develop larger, stable and predictable, fee-for service, recurrent revenue streams through the planned introduction of new and wireless HeartCheck™ branded devices, that that were not available to its previously USB connected devices. The Company secured a key FDA approval and Health Canada clearance in early 2019 for new Smartphone ECG management apps which will form the basis of many of the new revenue opportunities. Partnerships with telemedicine platforms and pharmaceutical-based research have begun and are expected to yield revenue from the sale of wireless HeartCheck™ branded ECG devices, GEMS™ software licensing, GEMS™ Mobile Smartphone app downloads and from ECG paid-for reading services.

Transactions with Related Parties

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 consists of members of the Company's Board of Directors, corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, and Vice Presidents.

Remuneration attributed to key management personnel for the nine months ended September 30, 2019 and for the year ended December 31, 2018 is summarized as follows:

Key management remuneration – 9 months	30 Sep 2019	31 Dec 2018
Share-based compensation	**10,787**	8,034
Salaries	**117,000**	180,000
Contractors	**30,000**	40,000
Directors' fees	**26,975**	38,390
Other benefits	**6,923**	28,250
Professional fees	**--**	25,000
	191,685	319,674

Amounts due to and from related parties during the quarter ended September 30, 2019 included the following:

- Short-term notes payable totaling $300,000 are due to related parties. Interest of $20,056 is included in trade and other payables.
- Other amounts due to related parties as at September 30, 2019 $59,867 are due to the various members of management and the Board of Directors. As at September 30, 2019 these amounts were included in trade and other payables.
- Included in trade and other payables at September 30, 2019 is $1,550 owed to a company controlled by the CEO.

Other than the notes payable and accrued interest as discussed in Note 10, amounts due to and from related parties are non-interest bearing with no set terms of repayment.

Forward Strategies

On October 10, 2019, 226,000 common shares issued to Agoracom representing a price of $0.05 per common share, for services valued at $10,000 plus 13% HST.

On October 10, 2019, 62,500 stock options issued to Etienne Grima, the Company's CEO in accordance with his employment agreement. The options are exercisable at $0.05 per common share for five years from the date of grant and vest immediately.

With a continued emphasis on cost containment and through the entering of new joint venture, development and co-marketing agreements the Company will continue to apply strategic operational cost reductions balanced to ongoing and

growing revenues from software license and hardware sales, provision of fee-for-services, consultation and software customization to new customers. To reduce dependency on NRE revenue for reaching profitability, the Company has executed on several co-marketing, sales and partnership agreements with telemedicine platforms and hardware manufacturers to yield new revenue from the sale of wireless HeartCheck™ branded ECG devices, GEMS™ software licensing, GEMS™ Mobile Smartphone app downloads and from ECG paid for reading services. The Company secured key FDA clearance in early 2019 which will form the basis of many of the new revenue opportunities.

The Company plans to launch a sales and marketing strategy to accommodate the Company's ongoing efforts for releasing next generation products such as its GEMS™ FLEX, the Android and iOS compatible Smartphone GEMS™ app for use with HeartCheck™ branded ECG devices, the GEMS™ Universal Smartphone app that will work with many non-HeartCheck™ branded ECG monitoring devices sold globally as well as the Company's branded handheld ECG devices marketed as the HeartCheck™ ECG Bluetooth PEN, the HeartCheck™ ECG Palm and the HeartCheck™ CardiBeat.

To support the sales and marketing efforts that will be needed to launch new products, the Company will seek funding to support these efforts. Such funding efforts may involve the retirement of existing debt financing.

The Company will continue to look to the addition of new consumer and prescription medical devices from third party brand manufacturers that will be compatible to the Company's prescription and consumer use software platforms. Under these relationships device development fees will be borne by the OEM device companies. Where appropriate for the Company, CardioComm Solutions will work to secure medical device clearances (FDA and/or CE and/or Health Canada) approvals for the sale of these new devices under distributor/representation/OEM agreements which will add to GEMS™, HeartCheck™ and SMART Monitoring revenue streams with a lower associated cost of good. The Company's goal is to earn less expensive revenue where gross sales and associated costs of goods may be lower, but earnings are maximized. While product and software enhancements are planned, these will continue to occur in step with associated new revenue or contracted services.

An important opportunity for the Company reported in Q4 2019 was the entering into of an agreement with an ECG device manufacturer to ensure continued access for their device technology to Canadian hospitals. CardioComm secured Health Canada medical device clearance on devices manufactured by the US company through a leveraging of CardioComm's ISO 13485:2016 certification under MDSAP. In so doing CardioComm became the manufacturer of records and by default the sole and exclusive distributor of the ECG monitoring. The device can support event and Holter monitoring and is compatible with the Company's GEMS™ WIN and GEM™ Flex software. Canadian hospital orders are expected to increase as availability of this device is advertised. Further sales will be realized as other manufacturer's devices are removed from the Canadian hospital market due to the new Canadian ISO under MDSAP requirements which are leaving a growing gap in availability of ambulatory ECG monitoring devices. With this first ISO MDSAP medical device agreement completed, CardioComm will look to work with additional medical device Companies interested to enter the Canadian health care market place.

While the Company has reported lower hardware sales there has been an increase in medical device sales and sales of the newly released Smartphone connected and BT enable HeartCheck™ Cardibeat. The Company has ceased production of the USB connected HeartCheck™ ECG PEN as the Company prepares to replace sales of these devices with Bluetooth connected devices.

Critical Accounting Estimates

The financial statements of the Company for the year ended December 31, 2018, were prepared in accordance with IFRS applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities and meet its future obligations in the normal course of business. Accordingly, the financial statements do not include any adjustments for the recoverability and reclassification of recorded assets, or the amounts or classification of liabilities, that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. However, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that the Company's funding initiatives will continue to be successful.

Significant estimates made by management are, but are not limited to, revenue recognition, including the identification of separate units of accounting under multiple deliverable arrangements, the measurement of deferred revenue related to

future services, valuation of stock-based compensation, useful lives of equipment, the allowance for doubtful accounts, inventory valuation and the estimation of deferred income tax asset valuation allowances. Actual results could differ from those estimates.

Inventories:

Inventories are valued at the lower of cost and net realizable value, with cost determined based on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories include the cost of materials purchased, the cost of conversion, as well as other costs required to bring the inventories to their present location and condition.

Revenue recognition:

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered and is installed and operational at a customer's place of business or the services have been provided to the customer, the fee is fixed and determinable, and collectability is reasonably assured. In addition to this general policy, the following are the specific revenue recognition policies for each major category of revenue.

Software:

Revenue from the sale of proprietary software is recognized when title is transferred to the customer. Shipping and handling costs paid by the customer to the Company are included in revenue.

Service:

Revenues derived from ongoing service and maintenance contracts are recognized monthly over the term of the contract on a straight-line basis and are net of discounts. Other service revenue is recognized at the time the service is performed.

Multiple-element arrangements:

The Company also has multiple-element sales arrangements where software licenses, the associated post-contract services ("PCS") and ongoing services are sold together.

The Company has established vendor-specific objective evidence ("VSOE") of the fair value of PCS for specific customer classes based on the value of PCS when sold separately as an optional renewal after the expiry of the initial maintenance term or based on contracted prices for optional PCS renewals included in the original multiple element sales arrangement.

The Company uses the residual method to determine the fair value of the delivered hardware, services and software license if VSOE of the fair value of all undelivered elements exists. Under the residual method, the fair value of the undelivered elements is deferred, and the remaining portion of the arrangement fee is recognized as revenue. In such cases when vendor-specific objective evidence of fair value exists for all of the undelivered elements (most commonly PCS), the residual amount is recognized as revenue and the PCS is recognized ratably over the PCS term, which is typically 12 months.

Income taxes:

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in earning or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax:

Current taxes are the expected tax payable or recoverable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred Tax:

The Company uses the asset and liability method of accounting for income taxes, under which deferred income tax assets and liabilities are recognized for the estimated future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using income tax rates in effect for the period in which those temporary differences are

expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in income tax rates or laws is recognized as part of the provision for income taxes in the period the changes are considered substantively enacted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset deferred tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable earnings will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Stock compensation:

The Company has a share-based payments awards plan, which is described in Note 12(f) to the financial statements, available to officers, directors, employees and consultants. All share-based payments have been accounted for using a fair-value-based method of accounting. The fair value of each stock option granted is accounted for in the statements of loss and comprehensive loss, over the vesting period thereof, and the related credit is included in contributed surplus.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes option pricing model on the date of grant with management's assumptions of risk-free interest rate, dividend yield, volatility factor of expected market price of the Company's common share, expected forfeiture and life of the options. For details regarding the determination of the fair value of equity-settled share-based transaction see Note 12(f) to the financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statements of loss and comprehensive loss such that the expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company grants the shares.

The fair value of the Company's accounts receivables, deposits, trade and other payables, short term notes payable, and amounts due to related parties approximate carrying value, due to their short-term nature. The Company's cash and cash equivalents are measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and market risk, which includes currency risk, interest rate risk and price risk.

a) 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.

The Company is subject to credit risk on its cash and cash equivalents and receivables. The Company limits its exposure to credit loss by placing its cash and cash equivalents with major financial institutions. The Company has no investments in asset-backed commercial paper.

The Company's main exposure to credit risk is from its accounts receivable and is subject to the concentration of its key customers. The Company's three largest receivable balances due from its customers represent 95% of accounts receivable at September 30, 2019 (December 31, 2018 - 85%). The largest of these three customers have been

transacting with the Company for many years, without any significant occurrence of losses to the Company, and as a well-established company.

The Company records an allowance for doubtful accounts related to accounts receivable that are considered to be non-collectible. The allowance is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, current business environment, customer and industry concentrations, and historical experience. To reduce credit risk, cash equivalents are only held at major financial institutions and management provides ongoing credit evaluations of its customers' financial condition.

Total accounts receivable, less an allowance for doubtful accounts as at September 30, 2019 amounted to $668,086 (December 31, 2018 - $691,650), which management believes adequately reflects the Company's credit risk. Of the reported accounts receivable, 87% is determined to be past due, which is defined as amounts outstanding beyond normal credit terms and conditions for the respective customers. The major overdue receivable is from one vendor that is a Canadian reseller of the HeartCheck™ ECG PEN. This vendor continues to re-order inventory on a regular basis with quarterly payments made. The Company has confirmed with the vendor that the liability for payment is accepted and so the Company believes the receivables are collectable.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its short-term financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in Note 14. As at September 30, 2019, the Company has cash and cash equivalents, and accounts receivable of $763,540 (December 31, 2018 $831,432) to settle its trade and other payables and short-term notes payable of $871,049 (December 31, 2018 $911,115). In the quarter ended June 30, 2019, the Company extended the payment date of $100,000 (refer to note 10) of its short term notes payable to December 31, 2019 and $400,000 to December 31, 2020, however, the Company will also need to obtain additional funds to support ongoing operating expenditures and meet its liabilities as they fall due.

c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates, and commodity and equity prices.

i. Currency risk:

The functional currency of the Company is the Canadian dollar. The Company has sales in both Canadian and U.S dollars. As a result, the Company is exposed to foreign exchange rate risk with respects to the US dollar. As at September 30, 2019, the Company had net financial assets denominated in US dollars of approximately $151,374. A 10% change in the Canadian dollars versus the US dollar would give rise to a gain or loss of approximately $20,046. The Company has not entered into any foreign exchange contracts to hedge this risk.

ii. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of interest rate risk on its notes payable is minimal, as these have a short-term to maturity, and a fixed interest rate.

iii. Price risk

The Company is not exposed to significant price risk as it does hold investments in publicly traded securities.

Accounting Standards and Interpretations Issued and Adopted

The following IFRS, none of which had a material effect on the financial statements, were adopted during 2019

IFRS 16 Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The new Standard has been applied using the modified retrospective approach, with the cumulative

effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For vendor contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 10.0%.

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognized at 1 January 2019. The operating lease, incepted 1 October 2011 is for 10 years and ends 1 October 2021.

Total operating lease commitments disclosed at 31 December 2018	**$62,172**
Recognition exemptions:	
• Leases of low value assets (62,172)	
Total lease liabilities recognized under IFRS 16 as 1 January 2019	**NIL**

Outstanding Share Data

The total issued and outstanding common shares of the Company at September 30, 2019, are 140,387,754.

CardioComm recorded a quarter end net loss $105,027 or ($0.00) loss per share for the quarter ended September 30, 2019 (2018 – net loss $101,251 ($0.00) loss per share); and a net loss of $379,463 for the nine months ending September 30, 2019 (September 30, 2018: net loss $361,743). The quarter basic and fully diluted weighted average number of shares outstanding was 139,123,144 at September 30, 2019 due to issuance of shares issued as payment to a vendor. Issued and outstanding common shares were 137,439,815 as at December 31, 2018. The basic and fully diluted weighted number of shares outstanding was 137,216,292 as at December 31, 2018.

Disclosure Controls and Procedures

The Company's audit committee has reviewed and approved this MD&A prior to its release. CardioComm Solutions is committed to providing timely, accurate and balanced disclosure of all material information about the Company and to providing fair and equal access to such information. As at September 30, 2019, the Company's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined under the rules adopted by the Canadian securities regulatory authorities. In addition, the Company's management has assessed whether there have been many significant changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed with securities regulatory authorities

is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to the Company's management, including the CEO and CFO as appropriate, to allow timely decisions regarding required disclosure. Internal control over financial reporting is a process designed by, or under the supervision of, senior management to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with IFRS.

The Company's management, including the CEO and CFO, does not expect that the Company's disclosure controls or internal control over financial reporting will prevent or detect all material misstatements due to error or fraud. Because of the inherent limitations of all control systems, an evaluation of controls can only provide reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Company have been detected. The Company is continually evolving and enhancing its systems of controls and procedures. Based on the evaluation of disclosure controls, and assessment of changes in internal control over financial reporting, the CEO and CFO have concluded that, subject to the inherent limitations noted above, the Company's disclosure controls are effective in ensuring that material information relating to the Company is made known to management on a timely basis, and is fairly presented in all material respects in this MD&A.

Internal Controls over Financial Reporting

Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the IFRS. Based on their evaluation, the CEO and CFO have concluded that the design of these internal controls over financial reporting and the preparation of financial statements for external reporting at September 30, 2019 are effective, except as noted below:

> The Company relies on compensating controls, including substantive periodic review of the financial statements, to ensure that disclosure controls and procedures are effective. The Company continues to address requirements to strengthen audit and financial controls.

ADDITIONAL INFORMATION

Additional information relating to CardioComm Solutions, Inc. is located at www.sedar.com .