

ATI AIRTEST TECHNOLOGIES INC.

Management Discussion and Analysis

For the quarter ended September 30, 2019

This Management Discussion and Analysis of ATI AirTest Technologies Inc. (the "Company") provides analysis of the Company's financial results for the quarter ended September 30, 2019. The following information should be read in conjunction with the accompanying unaudited financial statements and the notes to the unaudited financial statements for the quarter ended September 30, 2019.

1.1 Date of the Report

November 29, 2019

1.2 Overall Performance

For the quarter ended September 30, 2019 the Company had a 1.0% increase in sales from the same period in 2018. The Company reported a net loss before Other Comprehensive Income, of \$98,816 for the quarter ended September 30, 2018 which was 23.4% lower than the \$128,992 operating loss for the quarter ended September 30, 2018.

The Company's working capital deficiency decreased from \$3,945,342 as at December 31, 2018 to \$3,856,008 as at September 30, 2019. This working capital deficiency includes \$2,013,000 of loans and advances from Omni Marketing Global Inc. that have been offset by a Sales Royalty Agreement that will eliminate the full amount of that debt once the Sales Royalties total reaches \$2,013,000.

Company management have continued to pursue some significant long term financing, but have been forced to acquire some short term funding in the form of Merchant Advances in order to maintain our existing business and at the same time continue the promotion of our new wireless sensor technology to the market. Our shortage of working capital has compromised our ability to carry inventory, so while we have been able to maintain our regular accounts, we have lost some orders where delivery delays have occurred. With the anticipated increase in working capital and further promotion of our new wireless products, management is confident that some strong sales growth will result.

One risk that could have a negative impact on the Company relates to the three strong product lines being imported from Scotland, Sweden and Austria respectively. The ability for the Company to be price competitive

in the North American market and still enjoy healthy gross margins for these three product lines is dependent on the US dollar holding or improving on its current exchange level with the Euro. A downward shift of 10% or less will have little effect on the Company's performance.

1.3 Selected Annual Information

Fiscal Year	2018	2017	2016
Net Sales	\$2,703,073	\$3,572,071	\$3,046,546
Net and Comprehensive Gain/(Loss)	\$ 958,848	\$ 619,085	\$(662,257)
Basic and diluted loss/share	\$ 0.03	\$ 0.02	\$ 0.02
Total Assets	\$ 481,182	\$ 481,182	\$ 767,435
Total Long Term Liabilities	\$1,351,632	\$1,130,489	\$1,167,910
Cash dividends per common share	N/A	N/A	N/A

1.4 Results of Operations

Revenue

Sales for the third quarter of 2019 totaled \$727,185, an increase of \$7,268 or 1.0% over sales for the third quarter of 2018 totaling \$719,917..

Gross Profit

Gross Profit on sales amounted to \$286,966 in the third quarter of 2019 compared to \$237,305 in the third quarter of 2018, an increase of \$49,661 or 20.9%. Gross margin as a percentage of sales increased by 6.5% over the same period in 2018. This was due to the fact that the Company's sales to OEM customers were a lower percentage of total sales this year compared to the same period in 2017 and they are the Company's lowest margin accounts.

Expenses

Total expenses for the third quarter of 2019 were \$385,782 compared to \$366,297 for the third quarter of 2018, an increase of \$19,485 or 5.3% for the same period in 2018. This increase was due to an increase in general and admin expenses.

Profit & Loss

The Company recorded a net loss of \$98,816 for the quarter ended September 30, 2019 as compared to a net loss of \$128,992 for the same period in 2018.

The Company's new wireless sensors, RTUiLink package, chiller monitoring package, and dehumidifier monitoring package are just moving into the market and will stimulate abnormal growth in 2020 provided the necessary working capital is put in place that will allow the Company to aggressively pursue its marketing plan. The new low power CO2 sensor line will also meet some niche market applications and will complement the Company's existing CO2 sensor offering. The key to executing the Company's plan for growth will be its ability to finance that growth.

1.5 Summary of Quarterly Results

	2019			2018			2017	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net Sales	\$ 727,185	\$1,026,410	\$862,142	\$673,570	\$ 719,917	\$ 726,733	\$582,853	\$715,874
Loss	\$ 98,816	\$ 16,885	\$ 66,308	\$478,196	\$ 128,992	\$ 116,083	\$235,576	\$217,061
Basic and diluted loss per share	\$ 0.00	\$ 0,00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0,00	\$ 0.01	\$ 0.01

1.6 Liquidity

The Company has been unable to secure non-dilutive long-term financing although management recently announced a Debenture Financing that is targeted to develop between \$3 million and \$5 million of capital which will allow the Company to aggressively pursue its business plan and take advantage of the market opportunity for its new wireless energy control system for commercial buildings. Management is also in communication with various long-term capital providers to develop sufficient working capital for the Company to aggressively pursue its marketing plan for the next few years, and also to finance some important product development projects that will also have a positive impact on future revenues.

In the event the long-term financing gets delayed, Management will be forced to arrange for some level of bridge financing to maintain working capital that will support continued growth in the immediate future.

1.7 Capital Resources

The Company has no commitments for capital expenditures as of the end of the third quarter of 2019. Capital will be required for growth, and for completion of several in-house product development projects.

1.8 Off-Balance Sheet Arrangements

As of September 30, 2019, the Company had no material off-balance sheet arrangements.

1.9 Transactions with Related Parties

- (a) During the third quarter of 2019, the Company paid or accrued no salaries to directors and officers (2018 - \$nil).
- (b) At September 30, 2019, \$424,582 is payable to directors and officers for accrued services and advances.

Amounts becoming due to related parties in the normal course of operations, except where specifically stated, are non-interest bearing, unsecured, and without terms of repayment.

1.10 Proposed Transactions

There are currently no proposed transactions by the Company.

1.11 Changes in Accounting Policies including Initial Adoption

January 1, 2010 was the date of transition to IFRS (Transition Date). Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP")

1.12 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, an asset-based loan, shareholder loans, advances from related parties, accounts payable and accrued liabilities.

The asset-based loan from Pivot Financial Inc. in Toronto is secured by the Company's accounts receivable. Other significant debt holders have

signed postponement agreements which remove ongoing interest charges and set back the repayment requirements until the Company achieves a level of profitability that will enable repayment of these debts from a strong continuing cash flow position.

Because a high percentage of the Company's sales are made in United States, and also because the Company has three important suppliers based in Europe, there is an element of risk related to any large fluctuation in the relationship between the Euro, the Canadian dollar and the US dollar.

1.13 Share Data

The number of common shares issued and outstanding as of the date of this filing is 49,705,581.

1.14 Evaluation and Effectiveness of Disclosure Controls and Procedures

Under National Instrument 52-109 management is now required to certify that they have caused the company to design suitable controls over external disclosure and financial reporting. Management must also undertake reviews of the effectiveness of such controls and discuss areas of significant weakness and the associated risks as well as their plans to address them.

The company has not had sufficient financial resources to maintain dedicated internal financial reporting and qualified professional accounting personnel. Accordingly, financial reporting controls and internal transaction controls are designed and provided primarily by management with limited involvement from external consultants and professionals. This approach has been determined by management to be the most cost effective to date.

Management and the audit committee have discussed and identified areas that need to be improved as the company expands its scope of operations and strives to meet current market and regulatory expectations relating to the effectiveness of controls.

When control weaknesses are identified there is increased risk of release of inappropriate disclosures. There is also increased risk of misstatement in financial reporting through errors, omissions or fraudulent activity that could occur and go undetected. The Company intends to direct additional resources to improving identified deficiencies and improve the overall control environment and governance processes within the company where deemed required.

The Company recognizes that its existing control measures do not comply with a recognized internal control framework such as COSO. The Company believes such a framework is not viable at this time due to the limited number of personnel, volume of transactions, and lack of financial resources.

1.15 Risks and Uncertainties

The Company operates in a competitive market. The Company needs to deliver high quality, cost effective, components to market and meet the timelines required by customers. The Company must develop next generation components to satisfy the future needs of their customers. Should the Company be unable to continue to improve and update their product offering, this would have a negative impact on future growth.

The Company currently has limited working capital and incurs significant expenses on an on-going basis in its operations, which represents a significant risk factor. The Company will require additional financing to carry on its business, which financing may not be available when needed.

The Company does not have significant environmental risk.