ATI AIRTEST TECHNOLOGIES INC.

Management Discussion and Analysis

For the year ended December 31, 2019

This Management Discussion and Analysis of ATI AirTest Technologies Inc. (the "Company") provides analysis of the Company's financial results for the year ended December 31, 2019. The following information should be read in conjunction with the accompanying audited financial statements and the notes to the audited financial statements for the year ended December 31, 2019.

1.0 Date of the Report

June 15, 2020

1.1 Introduction

The following management's discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for the Company and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019. Readers are encouraged to review the Company's consolidated financial statements in conjunction with this document, copies of which are filed on the SEDAR website at www.sedar.com. The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared in accordance with IFRS 1, "First- time Adoption of International Reporting Standards" as issued by the International Accounting Standards Board ("IASB").

Unless otherwise specified, all dollar amounts are expressed in Canadian dollars and have been prepared in accordance with IFRS.

This MD&A contains forward-looking statements. Forward-looking statements may also be made in the Company's other reports filed with or furnished to Canadian securities commissions. In addition, from time to time, the Company through its management may make oral forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. The words "aim," "anticipate," "believe," "continue," "could," "expect," "intend," "likely", "may," "optimistic," "plan," "potential", "predict", "should," "will," "would," and other similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance, and therefore you should not put undue reliance upon them. The material assumptions supporting these forward-looking statements include, among other things the Company's ability to:

- obtain any necessary financing on acceptable terms:
- keep pace with rapid changes in consumer demands:
- rely on third party manufacturers:
- manage expansion effectively:
- enforce its intellectual property rights:
- launch additional product lines:
- retain its skilled personnel:
- manage current tax and regulatory regimes:
- manage the fluctuation in foreign currency exchange rates and interest rates; and
- follow general economic and financial market conditions.

Some of the factors that may cause actual results to differ materially from those indicated in these statements are found in the section "Risk Factors" in this MD&A.

The forward-looking statements contained in this MD&A reflect our views and assumptions only as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements after the date on which the statement is made, except as required by applicable laws, including the securities laws of Canada.

1.2 Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars. The Company's functional currency is the United States dollar.

1.3 Overall Performance

For the year ended December 31, 2019 the Company had a 28.8% increase in sales from year 2018. The Company reported a Net Loss of $163,044 for the year ended December 31, 2019 as compared to a Net Loss of $958,848 in 2018. This large decrease in Net Loss resulted primarily from three factors; (1) a change in the accounting adjustment for Foreign Exchange eliminated the loss adjustment of $393,992 in 2018 and added a positive Foreign Exchange adjustment of $46,078. (2) a Sales increase which led to an increased Gross Profit of $438,705, and (3) elimination of the Accretion entry that amounted to $222,143 in 2018.

The Company's working capital deficiency decreased from $3,945,342 as at December 31, 2018 to $3,836,930 as at December 31, 2019.

Our increase in sales volume in 2019 was largely due to the fact that our five OEM accounts purchased a total of $660,000 more in 2019 than they purchased in 2018. Although the Company's 2019 core product sales other than OEM accounts was also ahead of 2018 sales, growth remained limited due to inadequate working capital which often resulted in a shortage of inventory levels and in some cases lengthy delivery times that caused cancellation of some orders. This type of problem was corrected somewhat in 2019, and even though a few orders were lost due to delivery delays, we did not lose those customers and for the most part they have continued purchasing from Airtest as long as delivery schedules are met.

General and administrative expenses increased by $15,885 and Business Development and Marketing Expenses increased by only $366 therefore a very minor change in the expense structure.

1.4 Selected Annual Information

The following tables provided selected financial information for the last three fiscal years.

Fiscal Year	**2019**	**2018**	**2017**
Net Sales	$ 3,480,868	$ 2,703,073	$ 3,572,071
Net and Comprehensive Gain (Loss)	$ (163,044)	$ (958,848)	$ (619,085)
Basic and diluted gain/(loss) per share	$ (0.00)	$ (0.03)	$ (0.02)
Total Assets	$ 463,549	$ 487,748	$ 481,182
Total Long Term Liabilities	$1,351,632	$1,351,632	$1,130,489
Cash dividends per common share	N/A	N/A	N/A

1.5 Results of Operations

Revenue

Sales for the year 2019 totaled $3,480,868 an increase of $777,793 or 28.8% from sales for 2018 of $2,703,073. Most of this increase came from sales to our five OEM accounts The broad range of our sales to contractors and other project applications in the field grew slightly but was still somewhat limited due to cash flow issues that cause slow delivery for some projects. The lack of sufficient working capital also held back our marketing program for AirTest's new wireless technology. The sales were also compromised by the Company's inability to complete some R&D projects that would have resulted in product enhancements that would have contributed to additional growth.

Gross Profit

Gross Profit on sales amounted to $1,407,988 in 2019 compared to $969,283 in 2018, an increase of $438,705 or 45.3%. Gross margin as a percentage of sales decreased from 35.9% to 40.4% for a gain of 4.5%.

Expenses

Total expenses for the year 2019 were $1,418,919 compared to $1,399,017 for the year 2018. Expenses in year 2019 increased by $19,902 or 1.4% over year 2018.

Profit

The Company recorded a net loss of $163,044 for the year 2019 as compared to a net loss of $1,273,920 for the same period in 2018.

With increased sales of its new combination package of the WiFi CO2 sensors and the RTUiLink control system as well as the introduction of its wireless chiller monitor and a new wireless solar powered CO2 transmitter, the Company anticipates some very strong growth through the next three years. The key to executing the Company's plan for growth will be its ability to finance its marketing program as well as the growth that will result from that program. There was a delay in moving this program forward due to the working capital deficiencies encountered through 2018 and 2019.

1.6 Summary of Quarterly Results

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	$865,131	$ 727,185	$1,026 ,410	$862,142	$673,570	$ 719,917	$726,733	$ 582,853
Loss	$ 18,965	($ 98,816)	($ 16,885)	($ 66,308)	($819,237)	($ 128,992)	($116,083)	($235,576)
Basic and diluted loss per share	$ 0.00	$ 0.00	$ 0,00	$ 0.00	$ 0.02	$ 0.00	$ 0.00	$ 0.01

1.7 Liquidity

Management was forced to arrange some temporary bridge financing in an attempt to maintain sufficient working capital to look after our existing business, but not providing the working capital that would enable us to pursue our marketing plan particularly as it related to our strong new product base. We were able to bring in enough working capital to support the recovery of our core business, and to continue limited promotion of our new wireless products. Management now feels we are in position to raise some significant capital that will allow us to go full speed with our complete marketing program and take advantage of some obvious opportunities for our unique systems that provide considerable energy savings for most occupied commercial buildings.

1.8 Capital Resources

The Company has no commitments for capital expenditures as of the end of 2019. Capital will be required for growth, and for completion of some remaining product development projects. The necessary capital will be put in place primarily through equity financing and once the Company is able to report strong growth and consistent profitability there will be an opportunity to develop other forms of reasonable cost financing.

1.9 Off-Balance Sheet Arrangements

As of December 31, 2019, the Company had no material off-balance sheet arrangements.

1.10 Transactions with Related Parties

(a) During the year 2019, the Company paid or accrued salaries to directors and officers of $Nil (2017 - $Nil).

(b) At December 31, 2019, $224,786 is payable to directors and officers for accrued services and advances (2018 - $224,786).

	Relationship	December 31, 2018	December 31, 2018
Murray Graham	CFO	$ 18,408	$ 18,408
George Graham	CEO	142,378	142,378
Darrel Taylor	Director	45,000	45,000
Robert Mebruer	Director	19,000	19,000
Total		$ 224,786	$ 224,780

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.

During the year ended December 31, 2019, the Company incurred salaries of $120,000 to Murray Graham, CFO, and $192,000 to George Graham, President & CEO, totaling $312,000 (2018-$312,000) to its key management personnel.

1.11 Proposed Transactions

There are currently no proposed transactions by the Company.

1.12 Financial Instruments and Other Instruments

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

The asset-based loan from Pivot Financial in Toronto is secured by the Company's accounts receivable. Both the shareholder loans and the advances from related parties have been included in the Sales Royalty Agreement and those debts will be eliminated when royalty payments total the balance of those shareholder loans and advances.

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 46,993,252.

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. However, controls may not be as strong as other entities with access to greater resources.

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 manufacture and develop their products or should a competitor beat them to the market this would adversely affect future sales.

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

The Company does not have significant environmental risk and in fact makes a very positive contribution to improving the environment.