ATI AIRTEST TECHNOLOGIES INC.

Management Discussion and Analysis

For the quarter ended September 30, 2024

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, 2024. 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, 2024.

1.1 Date of the Report

January 20, 2025

1.2 Overall Performance

For the quarter ended September, 2024 the Company had a 40.9% increase in sales compared to the same period in 2023. The Company reported a net profit of $51,805 for the quarter ended September 30, 2024 which was 136.6% higher than the $141,643 net loss reported for the quarter ended September 30, 2023.

The Company's working capital deficiency increased from $3,355,438 as at September 30, 2023 to $4,021,992 as at September 30, 2024.

General and administrative expenses decreased by $17,236, Business Development and Marketing Expenses decreased by $38,237. R&D expense also decreased by $947.

1.3 Selected Annual Information

Fiscal Year	2023	2022	2021
Net Sales	$1,988,559	$2,390,947	$2,130,358
Net and Comprehensive Loss	$1,168,030	$89,753	$1,347,604
Basic and diluted loss/share	$ 0.00	$ 0.00	$ 0.01
Total Assets	$ 497,281	$1,668,885	$1,111,646
Total Long-Term Liabilities	$1,104,086	$1,083,930	$1,327,066
Cash dividends per common share	N/A	N/A	N/A

1.4 Results of Operations

Revenue

Sales for the third quarter of 2024 totaled $441,623, up from $313,346 or a 40.9% increase over sales for the third quarter of 2023.

Gross Profit

Gross Profit on sales amounted to $277,831 in the third quarter of 2024 compared to $141,033 in the third quarter of 2023, an increase of $136,798 or 97.0%. Gross margin as a percentage of sales increased by 39.8% from the 2023 third quarter gross margin percentage. The Company continued to implement its sales plan to increase its margins with better control of its sales pricing to customers along with a renewed focus on its more profitable core products.

Expenses

Total expenses for the third quarter of 2024 were $226,027 compared to $282,676 for the third quarter of 2023, a decrease of $56,649 or 20.0% from the same period in 2023. The Company further restructured its sales force in the second quarter of 2024 which resulted in substantial savings in those expense areas.

Profit & Loss

The Company recorded a net profit of $51,805 for the quarter ended September 30, 2024, as compared to a loss of $141,643 for the same period in 2023. The change to profitability was related to the expense reductions noted above along with the strong increase in its gross margin profitability.

1.5 Summary of Quarterly Results

	2024			2023				2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net Sales	$ 441,623	$ 523,574	$401,817	$482,727	$ 313,346	$679,043	$513,443	$583,753
Net Profit (loss)	$ 51,805	$ 31,395	($393,655)	($449,635)	($141,643)	($58,437)	($393,655)	399,004
Basic and diluted profit (loss) per share	$ 0.00	$ 0.00	$ (0.00)	$ (0.00)	$ (0.00)	$ (0,00)	$ (0.00)	$ 0.00

1.6 Liquidity

The Company concluded a share placement in March 2024 to raise a total of $399,552 through the issuance of 19,977,600 units. With the Company edging towards profitability in 2024 and into 2025 along with this working capital infusion, the Company should be able to attract further equity capital as needed.

1.7 Capital Resources

The Company has no commitments for capital expenditures as of the end of the third quarter of 2024. Capital is required for growth, and for completion of some in-house product development projects. Management may find it necessary to consider further equity financing.

1.8 Off-Balance Sheet Arrangements

As of September 30, 2024, the Company had no material off-balance sheet arrangements.

1.9 Transactions with Related Parties

(a) During the third quarter of 2024, the Company paid or accrued salaries to directors and officers of $27,500 (2023 - $68,600).

(b) At September 30, 2024, $111,331 is payable to directors and officers for accrued services and advances. (Dec 2023 - $286,633)

(c) As at September 30, 2024, $173,086 (Dec 2023 - $173,086) is included in non-current loans payable owed to the CFO and past COO of the Company.

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, merchant advance loans, accounts payable and accrued liabilities.

The asset-based loan from Pivot Financial in Toronto is secured by the Company's accounts receivable.

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 64,512,144.

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

The Company has been able to acquire increased working capital, but it will still require additional capital to fully carry out its business plan going forward and financing its anticipated growth will continue to represent a significant risk factor as the required 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.