ATMOFIZER TECHNOLOGIES INC.

(formerly Consolidated HCI Holdings Corporation)

Management's Discussion and Analysis

December 31, 2021

(Expressed in United States Dollars)

Table of Contents

INTRODUCTION 3

FORWARD LOOKING STATEMENTS 3

COMPANY OVERVIEW 4

CORORATE DEVELOPMENTS 5

SELECTED FINANCIAL INFORMATION 9

RESULTS OF OPERATIONS 11

SUMMARY OF QUARTERLY RESULTS 14

LIQUIDITY AND CAPITAL RESOURCES 16

OUTSTANDING SHARE DATA 17

OFF-BALANCE SHEET ARRANGEMENTS 19

PROPOSED TRANSACTIONS 20

CRITICAL ACCOUNTING ESTIMATES 21

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS 21

FINANCIAL INSTRUMENTS 21

DISCLOSURE CONTROLS AND PROCEDURES 23

RISKS AND UNCERTAINTIES 24

INTRODUCTION

This Management Discussion and Analysis ("MD&A") of Atmofizer Technologies Inc. (formerly Consolidated HCI Holdings Corporation) ("ATMO", "Atmofizer", "we", "our" or the "Company" financial position and results of operations for the year ended December 31, 2021 is prepared as at April 29, 2022.

This MD&A should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2021 and the supporting notes. Those audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following MD&A are expressed in United States dollars ("$", "US$" or "US dollar"), unless otherwise specified. Canadian dollars and Euros are referred to as "CA$" and "€", respectively. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Although these forward-looking statements are based on assumptions the Company considers to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking statements contained in this MD&A are based on certain assumptions and analysis by management of the Company ("Management") in light of its experience and perception of historical trends, current conditions and expected future development and other factors that it believes are appropriate. The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (i) the impact of the COVID-19 pandemic (ii) the regulatory climate in which the Company operates; (iii) the continued sales success of the Company's products; (iv) the continued success of sales and marketing activities; (v) the absence of significant delays in the development and commercialization of the Company's products; (vi) there being no significant reduction in the availability of qualified and cost-effective human resources; (vii) new products continuing to be added to the Company's portfolio; (viii) the demand for hemp-based wellness products continuing to grow in the foreseeable future; (ix) the absence of significant barriers to the acceptance of the Company's products in the market; (x) the Company being able to maintain compliance with applicable contractual and regulatory obligations and requirements; (x) the Company having adequate liquidity available to carry out its operations; (xi) no competitive products being developed that would render the Company's current and future product offerings undesirable; (xii) the Company being able to minimize the impact of competition and keep pace with changing consumer preferences; and (xiii) the Company being able to successfully manage and integrate acquisitions, if any.

The Company's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, the adverse impact of the COVID-19 pandemic to our operations, our supply chain, our distribution chain, and to the broader market for our products, revenue fluctuations, nature of government regulations (both domestic and foreign), economic conditions, loss of key customers, retention and availability of executive talent, competing products, the effectiveness of ecommerce marketing strategies, loss of proprietary information, product acceptance, internet and system infrastructure functionality, information technology security, cash available to fund operations, availability of capital and, international and political considerations, the successful integration of acquired

businesses, if any, as well as the risks and uncertainties discussed under the heading "Risks and Uncertainties" in this MD&A. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and the Company's future course of action depends on Management's assessment of all information available at the relevant time. Except to the extent required by law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

COMPANY OVERVIEW

Atmofizer Technologies Inc. (formerly Consolidated HCI Holdings Corporation) (the "Company" or "ATMO") is an Ontario-based publicly traded company which, effective September 21, 2017, commenced trading on the NEX under the trading symbol CXA.H. The NEX is a separate board of the TSX Venture Exchange ("TSXV") for issuers previously listed on the Toronto Stock Exchange or TSX-V but which no longer maintain compliance with the ongoing financial listing standards of those markets. On November 12, 2021 the Company voluntarily delisted from the TSXV.

On April 18, 2021, the Company entered into a non-binding letter of intent with Vaxxinator proposing the Business Combination. On July 14, 2021, the Company entered into the Business Combination Agreement with Vaxxinator, as further amended on August 24, 2021, providing for the definitive terms and conditions of the reverse takeover of the Company by the shareholders of Vaxxinator and the change of business of the Company to the business of Vaxxinator.

On July 14, 2021, the Company entered into a definitive business combination agreement (the "Combination Agreement") with Vaxxinator Enterprises Inc. ("Vaxxinator"), and 1314092 B.C Ltd., a wholly-owned subsidiary of the Company. Completion of the transactions in the Combination Agreement resulted in the reverse takeover of the Company by Vaxxinator (the "RTO"). Pursuant to the Combination Agreement, the Company and Vaxxinator completed an arm's length business combination by way of a three-cornered amalgamation pursuant to the provisions of the Business Corporations Act (British Columbia) (the "BCBCA"). The Company's shares have been consolidated on a 24.691:1 basis (the "Shares Consolidation").

On November 12, 2021, the Company completed the Business Combination, which was effected by way of a "three-cornered" amalgamation under the BCBCA (the "Amalgamation") involving the Company, Vaxxinator and a wholly-owned subsidiary of the Company, 1314092 B.C. Ltd. ("Subco"). Conditional to the completion of the Business Combination, the Company consolidated its then Class B shares on a 24.691:1 basis (the "Consolidation") and continued from the federal jurisdiction under the CBCA to British Columbia under the BCBCA (the "Continuance"). Upon adopting new Articles under the Continuance, the Company redesignated its Class B shares as Common Shares. In accordance with the terms of the Amalgamation, Vaxxinator Shareholders received one (1) Common Share for each Vaxxinator Share held and Vaxxinator Warrants were cancelled in exchange for Warrants bearing equivalent terms on the same 1:1 basis. The Company received one (1) common share in the amalgamated entity, Atmofizer Canada Inc. ("Amalco"), for each common share of Subco held. As consideration for the issuance of the Common Shares to the Vaxxinator Shareholders to effect the Amalgamation, Amalco issued to the Company one (1) additional Amalco common share for each Common Share so issued. An aggregate of 72,213,603 Common Shares and 2,534,126 Warrants were issued to former holders of Vaxxinator Shares and Vaxxinator Warrants resulting in former Vaxxinator Shareholders holding approximately 97.74% of the issued and outstanding Common Shares on a non-diluted basis. The 1,800,000 Vaxxinator Options were cancelled and exchanged for 1,800,000 Stock Options on equivalent terms.

The Board of Directors was reconstituted to be comprised of Michael Galloro, Olivier Centner, Peter Simeon, Dr. Joshua Helman and Nareda Mills. Olivier Centner was also appointed as Chief Executive Officer of the Company and Brian Meadows was appointed as Chief Financial Officer and Secretary of the Company. For additional information on the directors and officers of the Company, please see "Item 10 – Directors and Officers".

As a condition to the Business Combination, the Company was delisted from the TSXV, which required CHCI Shareholder approval from a majority of the minority of CHCI Shareholders.

On November 15, 2021, the Company closed the RTO with Vaxxinator. In connection with the RTO, the Company voluntarily delisted from the TSXV and commenced trading on the Canadian Securities Exchange (the "CSE").

The Company is a clean air and clean water solutions provider that is focused on commercializing its proprietary technology through stand alone, integrated and licensed applications across business, consumer, medical and industrial applications. Atmofizer's consumer and industrial solutions are based on its patent-protected and patent-pending technology that utilizes ultrasonic acoustic waves to agglomerate (cluster together) ultra-fine particles into a larger target, which is then radiated by ultraviolet light to neutralize their harmful properties. The Company believes this technology to be a revolutionary and more efficient method for addressing the wide range of dangerous nano-scale particles, viruses and bacteria that are too small to be effectively managed by conventional HEPA filters and ultraviolet lights. The Company is currently applying its proprietary technology in consumer and industrial air purification products manufactured under the Atmofizer brand, as well as in retail and commercial devices produced by other companies that integrate Atmofizer's technology into their own products under licenses.

The Company currently sells two commercial air purification products, Atmofizer One and Atmofizer Pro, in addition to continuing to develop key prototypes. Sales of Atmofizer One and the Atmofizer Pro air purifiers in the United States began during the second quarter of 2021. The Company is now expanding sales of these two products outside the United States beginning with the United Kingdom and in the European Union. The Company has recently entered into its first national distribution agreement in the United States. These factors are also subject to a number of inherent risks and challenges which had been discussed under the heading "Risk and Uncertainties".

CORORATE DEVELOPMENTS

- On February 5, 2021, Vaxxinator completed a private placement and issued 4,940,000 common shares at a price of $0.50 per share for gross proceeds of $2,470,000.

- On April 15, 2021, Vaxxinator granted 1,800,000 options with an exercise price of $0.50 to the Company's Chief Executive Officer (the "CEO").

- In May 2021 and June 2021, Vaxxinator completed a private placement of 2,478,267 units (the "Units") at a price of $3.00 per Unit for gross proceeds of $7,434,801. The private placement was completed in different tranches. Each Unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of $3.50 for a period of two-year from the date of issuance of the warrants, subject to acceleration in the event that the common shares of the Company trade on a recognized Canadian stock exchange and the volume-weighted average price is equal or greater to $7.00 for five consecutive trading days.

- On May 17, 2021, Vaxxinator entered into an intellectual property license agreement (the "IP License Agreement") for the exclusive use of a licensed technology. Pursuant to the terms of the IP License Agreement:

- the Company made cash payments of €4,500,000 (€2,000,000 upon execution of the IP License Agreement and €2,500,000 on June 7, 2021); and

- issued 7,600,000 Common Shares upon execution of the IP License Agreement (with fair value of $3,800,000).

See "The IP License Agreement" below for details.

- Vaxxinator entered into an arm's-length agreements with a consultant in providing the consulting services to the Company. The agreements are for a one-year term. The Company issued a total of 250,000 of its share purchases warrants in consideration for the consulting services. Each warrant entitles its holder to purchase one additional common share at an exercise price of $3.50 for a period of two-year from the date of issuance.

- Vaxxinator entered into an arm's-length agreements with a consultant in providing capital market advisory services to the Company. The agreements are for a one-year term. The Company issued a total of 333,333 of its share purchases warrants in consideration for the consulting services. Each warrant entitles its holder to purchase one additional common share at an exercise price of $3.50 for a period of two-year from the date of issuance.

- Vaxxinator launched its first commercial air purification products during the second quarter. Two commercial products were launched - the Atmofizer One and the Atmofizer Pro. (see www.atmofizer.com for more information)

- On October 26, 2021, Vaxxinator entered into a sponsorship agreement with an arm's length party, Steinbrenner Racing, LLC ("Steinbrenner Racing"), to become the official supply sponsor of Steinbrenner Racing for a sponsorship fee of $3,000,000 (the "Sponsorship Fee"). On the same day, Steinbrenner Racing agreed to subscribe 1,000,000 common shares of the Company for an aggregate price of $3,000,000 (the "Subscription Amount"). The Company and Steinbrenner Racing agreed to set off the Sponsorship Fee with Subscription Amount. On January 28, 2022, the agreement was amended to provide for additional sponsorship rights including becoming the official supplier sponsor of a Steinbrenner Racing team car for the "24 Hours of Daytona" race to be held in each of 2022 and 2023 (the "Amended Sponsorship Agreement"). In addition, Steinbrenner Racing will facilitate commercial introductions to stadium and arena owners and operators and aid with product testing and development. In consideration for the amendments, the Company issued 4,500,000 common shares to Steinbrenner Racing.

- On November 15, 2021, the Company closed the RTO with Vaxxinator. In connection with the RTO, the Company voluntarily delisted from the TSXV and commenced trading on the Canadian Securities Exchange (the "CSE").

- On December 2, 2021, the Company announced a distribution agreement (the "Distribution Agreement") with USA Rapid Test, LLC (the "USA Rapid Test") granting USA Rapid Test with non-exclusive rights to purchase Atmofizer products from the Company for distribution and resale on a worldwide basis. USA Rapid Test is a US-based distributor of COVID-19 rapid tests, which it distributes to companies in the healthcare, retail, hospitality, education and entertainment industries. USA Rapid Test is required to sell the Company's products in accordance with the Company's prescribed pricing which includes a discount to USA Rapid Test should USA Rapid Test satisfy certain minimum order quantities. The Distribution Agreement is for an indefinite term but may be terminated by either party without cause upon sixty (60) days prior written notice to the other party. In addition, the Company may immediately terminate the Distribution Agreement for cause for, among other things, USA Rapid Test engaging in unlawful or unfair business practices, USA Rapid Test engaging in actions that expose or threaten to expose the Company to any liability, obligation or violation of law, and USA Rapid Test becoming insolvent or makes an assignment for the benefit of creditors. In connection with the Distribution Agreement, Vaxxinator also

granted USA Rapid Test a non-exclusive, non-transferable, revocable and limited license to use the Atmofizer trademarks solely to promote and sell Atmofizer products for the duration of the Distribution Agreement.

- The Company engaged First Marketing GmbH ("First Marketing"), a leading investor relations and marketing firm based in Heidelberg, Germany, to provide the Company advertising, corporate communications and promotional services in Germany, Switzerland and Austria. Pursuant to the terms and conditions of the agreement, First Marketing will provide these services for a period of 12 months for a fee of €1,500,000. Such fee will be paid in two installments with €1,000,000 being paid upon signing and €500,000 to be paid in January 2022. The engagement was terminated subsequently to December 31, 2021.

- On January 14, 2022, the Company filed a base shelf prospectus in all of the provinces and territories in Canada (the "Base Shelf Prospectus"). The Base Shelf Prospectus allows the Company to qualify the distribution of up to C$60,000,000 in common shares, warrants, units, debt securities and subscription receipts or any combination thereof (collectively, the "Securities"), during the 25-month period that the Base Shelf Prospectus remains effective. The specific terms of any offering of Securities under the Base Shelf Prospectus, including the use of proceeds from any offering, will be set forth in a prospectus supplement to the Base Shelf Prospectus, which will be filed with the applicable Canadian securities regulatory authorities in connection with any such offering. The Securities will be offered in amounts, at prices and on terms to be determined at the time of sale and, subject to applicable regulations, may include "at-the-market distributions" (as such term is defined in NI 44-102), public offerings or strategic investments.

- On January 25, 2022, the Company and Steinbrenner Racing amended the terms of the Sponsorship Agreement to provide for additional sponsorship rights including Atmofizer becoming the official supplier sponsor of a Steinbrenner Racing team car for the "24 Hours of Daytona" race to be held in each of 2022 and 2023. In addition, Steinbrenner Racing will facilitate commercial introductions to stadium and arena owners and operators and aid with product testing and development. In consideration for these amendments, the Company issued 4,500,000 Common Shares at a deemed price of C$0.26 per share to Steinbrenner Racing.

- On January 27, 2022, the Company entered into a debt-settlement agreement with an arm's length business development and media consultant of the Company, for debt in the aggregate amount of US$396,730, equal to a deemed value of C$500,000. To satisfy the debt, the Company issued an aggregate of 2,000,000 Common Shares at a deemed price of C$0.25 per share.

- On February 23, 2022, the Company filed a prospectus supplement to the Base Shelf Prospectus (the "Prospectus Supplement") establishing an at-the-market equity program (the "ATM Program") that allows the Company to issue and sell up to C$5,000,000 of Common Shares from treasury to the public, from time to time, at the Company's discretion. All Common Shares sold under the ATM Program will be made through sales that are deemed to be "at-the-market distributions" as defined in NI 44-102 through the CSE or any other "marketplace" in Canada as defined under applicable securities laws.

- Distributions of the Common Shares under the ATM Program will be made pursuant to the terms of an equity distribution agreement dated February 23, 2022 (the "Equity Distribution Agreement") entered into between the Company and Clarus. The volume and timing of distributions under the ATM Program, if any, will be determined in the Company's sole discretion. The Common Shares will be distributed at the market prices prevailing at the time of each sale and, as a result, prices may vary as between purchasers and during the period of the ATM Program. The ATM Program will be effective until the earlier of the issuance and sale of all of the Common Shares issuable pursuant to the ATM Program and February 14, 2024, unless terminated prior to such date by the Company or Clarus in accordance with the terms of the Equity Distribution Agreement.

- On March 10, 2022, the Company announced that Whit Pepper joined the Company as President and Chief Commercial Officer.

- On March 21, 2022, the Company announced that its Common Shares commended trading in the United States on the OTCQB Venture Market under the trading symbol "ATMFF". The Common Shares continue to trade in Canada on the CSE under the trading symbol "ATMO".

- On March 30 2022, the Company entered into a debt-settlement agreement with an arm's length business development and media consultant of the Company, for debt in the aggregate amount of C$225,000. To satisfy the debt, the Company issued an aggregate of 2,500,000 Common Shares at a deemed price of C$0.09 per share.

- On April 5, 2022, the US Patent and Trademark Office issued the U.S. Patent relating to the Company's air and water purification technology. The U.S. Patent provides protection for the application of the Company's air and water purification technology in the United States.

The IP License Agreement

2020 Intellectual Property Licensing Agreements
On September 16, 2020, the Company entered into two intellectual property agreements with Vaxxinator Coating B.V. ("Vaxxinator Coating") and Vaxxinator Air B.V. ("Vaxxinator Air") to acquire co-ownership rights to certain surface coating products and air purification products (the "2020 IP Agreements"). As consideration under the 2020 IP Agreements, during the year ended December 31, 2020, the Company issued 7,500,000 common shares with fair value of $150,000. The 2020 IP Agreements were further amended on May 17, 2021.

Pursuant to IAS 38 "Intangible Assets", the 2020 IP Agreements did not meet the criterion for recognized as intangible assets; as a result, the Company recognized the $150,000 as of research and development expenses during the year ended December 31, 2020.

2021 Intellectual Property Licensing Agreements
On May 17, 2021, the Company entered into additional intellectual property agreements with Vaxxinator Coating, Smart Material Printing B.V. ("Smart Material") and Windplussonne GmbH ("Windplussonne") for the exclusive use of certain air purification technology (the "2021 IP Agreements"). As consideration under 2021 IP Agreements, the Company issued 7,600,000 common shares with fair value of $3,800,000 and paid cash in the aggregate amount of $5,446,000 (€4,500,000).

The 2021 IP Agreements consist of two (2) upstream exclusive licenses granted by each of Smart Material and Windplussonne to Vaxxinator Coating, with each agreement effective as of May 17, 2021. Contemporaneously, Vaxxinator Coating licensed the technologies of Smart Material and Windplussonne to Vaxxinator in a downstream exclusive license to Vaxxinator. There are two further addendums to the downstream license dated May 17, 2021 and June 22, 2021. The 2021 IP Agreements have a common feature that the license fields include (i) air and water purification technology capable of removing viruses, bacteria, Ultrafine Particles including mold and spores through aggregation; and (ii) thin coating with virucidal and bactericidal materials for use in combatting viruses and bacteria on surfaces (the "Licensed Fields").

(Expressed in United States Dollars unless otherwise specified)

SELECTED FINANCIAL INFORMATION

The figures in the following table are based on the audited consolidated financial statements of the Company which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

	For the year ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
	$	**$**	**$**
Sales	497,280	-	-
Gross margin	83,199	-	-
Operating expenses	13,180,714	1,168,090	-
Interest and miscellaneous income	2,971	-	-
Net income (loss) for the period	(21,428,425)	(1,168,090)	(2,915)
Comprehensive income (loss) for the period	(21,424,192)	(1,168,090)	(2,915)
Basic and diluted earning (loss) per share:	(0.33)	(0.15)	(729)

As at	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**
	$	**$**	**$**
Working capital (deficiency)	4,143,942	2,228,426	(2,911)
Total assets	16,488,914	2,381,236	326
Total liabilities	1,776,853	152,810	3,237
Share capital	32,012,790	2,704,431	4
Deficit	(22,606,211)	(1,171,005)	(2,915)

The Company

The Company began as an Ontario-based real estate development and holding company but in 2017, the Company divested substantially all its operations and ceased to be actively engaged in any ongoing business. Up until the Business Combination, the Company did not hold any material assets other than cash and did not conduct any operations other than to identify and evaluate new business opportunities and acquisitions.

On November 12, 2021, the Company completed the Business Combination resulting in the change of business of the Company from real estate holdings and investments to the research, development and distribution of proprietary and patented air purification and surface coatings (anti-viral products). For further information regarding the Business Combination, please see "Item 4 – General Development of the Business – Three Year History – Business Combination". Additionally, readers are encouraged to refer to the Business Combination Agreement, a copy of which has been filed by the Company with the Canadian securities regulatory authorities and is available under the Company's profile on SEDAR at www.sedar.com.

The Company is a reporting issuer under the laws of the Provinces of British Columbia, Alberta, Ontario and Quebec. The Common Shares (then Class B shares) were previously listed for trading on the NEX board of the TSXV under the symbol "CXA.H". The Common Shares were voluntarily delisted from the TSXV on November 12, 2021. On November 18, 2021, the Common Shares commenced trading on the CSE under the trading symbol "ATMO".

Vaxxinator

Vaxxinator was incorporated under the BCBCA as "Sol Wellness Inc." on September 30, 2019. On September 30, 2020, Vaxxinator changed its corporate name to "Vaxxinator Enterprises Inc.". The head office and registered office of Vaxxinator was located at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5.
Vaxxinator was established in 2019 with the purpose of developing a business in the health and wellness space. The development of the business began in 2020 in the field of air purification and surface cleaning due to the demand created by the COVID-19 pandemic. Certain key initial agreements in these areas were entered into in September 2020 to advance these business activities.

2019

The Company established its business in 2019 to focus on developing technologies for use in the health and wellness industry. There was minimal activity in 2019 as it commenced its search for promising technologies to develop.

2020

This activity increased in 2020 and the Company entered into its first licensing agreements in the fourth quarter of 2020. From the fourth quarter of 2020, the Company continued to develop its business in the health and wellness space and pursued activities targeted at developing technology in the area of air purification and surface coatings. The increase in operating expenses in 2021 reflect the expenses incurred to develop technology aimed at developing products in these fields. Consulting fees were incurred in the development of the air and surface coating technologies in 2021. Two key intellectual agreements were also entered into in the fourth quarter of 2020 that gave the company access to technology and knowhow in air purification and surface coatings, which incurred significant costs in research and development, legal fees and consulting fees. Additionally, the Company raised funds through a private placement in the fourth quarter of 2020.

2021

The Company continued to raise equity through private placements in 2021. (see Corporate Developments section)
The Company entered into significant IP licensing agreements in May of 2021. (see Corporate Developments section)
Vaxxinator launched its first commercial air purification products during the second quarter utilizing the IP it licensed in May. Two commercial products were launched - the Atmofizer One and the Atmofizer Pro. (see www.atmofizer.com for more information). Sales of $0.5 million were achieved in 2021 of the Atmofizer products.
Significant expenses were incurred to complete the RTO. The listing expense in 2021 was $7 million and a large component of the 2021 operating loss.

(Expressed in United States Dollars unless otherwise specified)

RESULTS OF OPERATIONS

	For the three months ended				Change	
	December 31, 2021		December 31, 2020			
	$	% (in term of revenue)	$	% (in term of revenue)	$	%
Revenue	**420,695**	**100.00%**	**-**	**100.00%**	**420,695**	**100.00%**
Cost of goods sold	**(364,794)**		**-**	**100.00%**	**(364,794)**	**100.00%**
Gross margin	**55,901**	**13.29%**	**-**	**100.00%**	**55,901**	**100.00%**

During the three months ended December 31, 2021, the Company generated revenue of $420,695 with a gross profit of $55,901 (13.3%) compared to $nil during the three months ended December 31, 2020.

	For the year ended				Change	
	December 31, 2021		December 31, 2020			
	$	% (in term of revenue)	$	% (in term of revenue)	$	%
Revenue	**497,280**	**100.00%**	**-**	**100.00%**	**497,280**	**100.00%**
Cost of goods sold	**(414,081)**		**-**	**100.00%**	**(414,081)**	**100.00%**
Gross margin	**83,199**	**16.73%**	**-**	**100.00%**	**83,199**	**100.00%**

For the twelve months ended December 31, 2021, the Company generated revenue of $497,280 with a gross profit of $83,199 (16.7%) compared to $nil during the twelve months ended December 31, 2020.

During the year ended December 31, 2021, the Company through Vaxx Lease entered into a lease agreement with one of our customers. The lease was classified as finance lease pursuant to IFRS 16 Leases; as a result, the Company recognized the fair value of the leased assets as revenue ($53,000) and recognized the costs of the leased assets as cost of goods sold ($32,512) and resulted in a gross profit of $20,488.

	For the three months ended				Change	
	December 31, 2021		December 31, 2020			
	$	%	$	%	$	%
Expenses						
Amortization	475,986	6.53%	-	-	475,986	100.00%
Consulting fees	1,179,460	16.18%	679,483	59.06%	499,977	73.58%
Depreciation	2,431	0.03%	-	-	2,431	100.00%
Management fees	232,500	3.19%	47,500	4.13%	185,000	389.47%
Foreign exchange loss (gain)	(2,997)		13,497	1.17%	(16,494)	
General and administrative	114,708	1.57%	32,775	2.85%	81,933	249.99%
Investor relations and promotion	-	-	18,000	1.56%	(18,000)	
Professional fees	283,618	3.89%	138,415	12.03%	145,203	104.90%
Regulatory and transfer agents	56,302	0.77%	883	0.08%	55,419	6276.22%
Research and development	215,767	2.96%	161,774	14.06%	53,993	33.38%
Salaries and wages	210,244	2.88%	-	-	210,244	100.00%
Sales and marketing	529,175	7.26%	52,571	4.57%	476,604	906.59%
Share-based payments	3,957,233	54.27%	-	-	3,957,233	100.00%
Travel	37,057	0.51%	5,618	0.49%	31,439	559.61%
	7,291,484	**100.00%**	**1,150,516**	**100.00%**	**6,140,968**	**533.76%**

(Expressed in United States Dollars unless otherwise specified)

The Company incurred $7,291,484 in expenses during the three months ended December 31, 2021 compared to $1,150,516 during the three months ended December 31, 2020. The increase of $6.1 million increase in expenses was driven by the increased operational activity in developing the Company's products, sales and marketing of its core products and professional fees incurred as the Company completed its RTO transaction in November 2021.

During the three months ended December 31, 2021, the Company incurred the following expenditures:

- Consulting fees of $1,179,460 ($141,577 of which was satisfied by issuing the Company's common shares) (December 31, 2020 – $679,483);
- Management fees of $232,500, of which $187,500 was paid by issuing the common shares of the Company to the Company's Chief Financial Officer, paid to the Company's Chief Executive Officer and Chief Financial Officer (December 31, 2020 – $47,500);
- Professional fees of $472,972 which included legal fees of $77,944 and accounting fees of $35,646 (December 31, 2020 – $138,415 which included legal fees of $135,935 and accounting fees of $2,480) ;
- Research and development costs of $215,767 (December 31, 2020 – $161,774);
- Salaries and wages of $210,244 (December 31, 2020 – $nil); and
- Sales and marketing costs of $529,175 (December 31, 2020 – $52,571)

In addition, the Company recognized share-based payments of $3,957,233 related to the stock options and restricted shares units granted to the Company's officers, directors and consultants.

	For the year ended				Change	
	December 31, 2021		December 31, 2020			
	$	%	$	%	$	%
Expenses						
Amortization	475,986	3.61%	-	-	475,986	100.00%
Consulting fees	3,741,995	28.39%	679,483	58.17%	3,062,512	450.71%
Depreciation	5,156	0.04%	-	-	5,156	100.00%
Management fees	1,146,250	8.70%	47,500	4.07%	1,098,750	2313.16%
Foreign exchange loss (gain)	(3,797)		13,453	1.15%	(17,250)	
General and administrative	339,492	2.58%	32,775	2.81%	306,717	935.83%
Impairment of lease receivable	4,756	0.04%	-	-	4,756	100.00%
Investor relations and promotion	-	-	18,000	1.54%	(18,000)	
Professional fees	848,509	6.44%	156,033	13.36%	692,476	443.80%
Regulatory and transfer agents	64,698	0.49%	883	0.08%	63,815	7227.07%
Rent	17,806	0.14%	-	-	17,806	100.00%
Research and development	942,538	7.15%	161,774	13.85%	780,764	482.63%
Salaries and wages	340,336	2.58%	-	-	340,336	100.00%
Sales and marketing	867,101	6.58%	52,571	4.50%	814,530	1549.39%
Share-based payments	4,280,108	32.47%	-	-	4,280,108	100.00%
Travel	109,780	0.82%	5,618	0.47%	104,162	1854.08%
	13,180,714	**100.00%**	**1,168,090**	**100.00%**	**12,012,624**	**1028.40%**

The Company incurred $13,180,714 in expenses during the twelve months ended December 31, 2021 compared to $1,168,090 during the twelve months ended December 31, 2020. The increase of $12.0 million increase in expenses

(Expressed in United States Dollars unless otherwise specified)

was driven by the increased operational activity in developing the Company's products, sales and marketing of its core products, the addition of new employees and professional fees incurred as the Company completed its RTO transaction in November 2021.

During the twelve months ended December 31, 2021, the Company incurred the following expenditures:

- Consulting fees of $3,741,995 ($2,159,465 of which was satisfied by issuing the Company's common shares) (December 31, 2020 – $679,483);
- Management fees of $1,146,250, of which $750,000 was paid by issuing the common shares of the Company to the Company's Chief Financial Officer, paid to the Company's Chief Executive Officer and Chief Financial Officers (December 31, 2020 – $47,500);
- Professional fees of $848,509 which included legal fees of $734,168 and accounting fees of $114,341 (December 31, 2020 – $156,033 which included legal fees of $153,553 and accounting fees of $2,480) ;
- Research and development costs of $942,538 (December 31, 2020 – $161,774);
- Salaries and wages of $340,336 (December 31, 2020 – $nil); and
- Sales and marketing costs of $847,433 (December 31, 2020 – $52,571)

In addition, the Company recognized share-based payments of $4,280,108 related to the stock options and restricted shares units granted to the Company's officers, directors and consultants.

	For the three months ended					
	December 31, 2021		December 31, 2020		Change	
	$	%	$	%	$	%
Other expenses						
Finance costs	(1,978)	0.02%	-	100.00%	(1,978)	100.00%
Write-off of advance payments	(1,235,513)	14.82%	-	100.00%	(847,433)	100.00%
Listing expenses	(7,096,390)	85.15%	-	100.00%	(7,096,390)	100.00%
	(8,333,881)	**100.00%**	**-**	**1000.00%**	**(7,945,801)**	**100.00%**

During the three months ended December 31, 2021, the Company recognized a listing expense of $7,096,390 due to the completion of the RTO. In addition, the Company wrote-off an advance payment of $1,235,513 made to a consultant pursuant to the agreement which was terminated subsequent to December 31, 2021.

	For the year ended					
	December 31, 2021		December 31, 2020		Change	
	$	%	$	%	$	%
Other expenses						
Finance costs	(1,978)	0.02%	-	100.00%	(1,978)	100.00%
Finance income	2,971		-	100.00%	2,971	100.00%
Write-off of advance payments	(1,235,513)	14.83%	-	100.00%	(847,433)	100.00%
Listing expenses	(7,096,390)	85.18%	-	100.00%	(7,096,390)	100.00%
	(8,330,910)	**100.00%**	**-**	**1000.00%**	**(7,942,830)**	**100.00%**

During the twelve months ended December 31, 2021, the Company recognized a listing expense of $7,096,390 due to the completion of the RTO. In addition, the Company wrote-off an advance payment of $1,235,513 made to a consultant pursuant to the agreement which was terminated subsequent to December 31, 2021.

(Expressed in United States Dollars unless otherwise specified)

	For the three months ended				Change	
	December 31, 2021		December 31, 2020			
	$	% (in term of revenue)	$	% (in term of revenue)	$	%
Loss for the year	**(15,569,464)**	**-3700.89%**	**(1,150,516)**	**100.00%**	**(14,418,948)**	**1253.26%**

During the three months ended December 31, 2021, the Company recorded net loss of $15,569,464 compared to a net loss of $1,150,516 for the three months ended December 31, 2020. The biggest contributors to the increase in the net loss of $14.4 million during the fourth quarter were the listing expense recognized in the fourth quarter of $7.1 million, share-based payments of $4.0 million, increased professional expenses of $0.2 million, increased salaries and management fees of $0.2 million, increased consulting expenses of $0.5 million and a one-time contract wrote-off of $1.2 million.

	For the year ended				Change	
	December 31, 2021		December 31, 2020			
	$	% (in term of revenue)	$	% (in term of revenue)	$	%
Loss for the year	**(21,428,425)**	**-4309.13%**	**(1,168,090)**	**100.00%**	**(20,260,335)**	**1734.48%**

During the twelve months ended December 31, 2021, the Company recorded net loss of $21,040,345 compared to a net loss of $1,168,090 for the twelve months ended December 31, 2020. The biggest contributors to the increase in the net loss of $20.2 million were the listing expense recognized in the fourth quarter of $7.1 million, share-based payments of $4.3 million, increased R&D expenses of $0.8 million, increased professional expenses of $0.7 million, increased salaries and management fees of $1.4 million, increased consulting expenses of $3.1 million and a one-time contract wrote-off of $1.2 million.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
	$	$	$	$
Sales	420,695	23,585	53,000	-
Gross margin	55,901	6,810	20,488	-
Interest income	-	1,858	1,113	-
Net income (loss)	(15,569,464)	(2,099,575)	(1,433,118)	(2,326,268)
Comprehensive loss	(15,565,231)	(2,099,575)	(1,433,118)	(2,326,268)
Basic and diluted loss per share	(0.21)	(0.03)	(0.02)	(0.04)

(Expressed in United States Dollars unless otherwise specified)

	Three months ended			
	December 31, 2020	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**
	$	**$**	**$**	**$**
Sales	-	-	-	-
Gross margin	-	-	-	-
Interest income	-	-	-	-
Net income (loss)	(1,150,516)	(17,618)	-	44
Comprehensive loss	(1,150,516)	(17,618)	-	44
Basic and diluted loss per share	(0.04)	(4,405.00)	-	11.00

The fourth quarter loss in 2021 was $15.6 million. The Company generated $0.4 million in sales during the fourth quarter and $0.06 million in gross margin. The majority of the loss was driven by the one-time listing expense incurred for the quarter ($7.1 million). Share based payments were an additional $4.0 million contributing to the loss in the fourth quarter. Additionally, Expenses in research and development ($0.2 million), legal and professional ($0.5 million) and management and consulting fees ($3.6 million) were incurred to raise capital and develop the technologies. Included in the management consulting fees of $3.6 million in the fourth quarter was a one-time write-off on a consulting contract of $1.2 million.

The third quarter loss for 2021 was $2.1 million. The Company generated $0.02 million in sales during the third quarter and $0.006 million in gross margin. Expenses in research and development ($0.2 million), legal and professional ($0.4 million) and management and consulting fees ($1.2 million) were incurred to raise capital and develop the technologies.

The second quarter loss for 2021 was $1.4 million. The Company generated $0.05 million in sales during the second quarter and $0.02 million in gross margin as it launched its products in the US market. Expenses in research and development ($0.4 million), legal and professional ($0.1 million) and management and consulting fees ($0.5 million) were incurred to raise capital and develop the technologies.

The first quarter loss for 2021 was $2.3 million. The Company had not yet launched its products in the US market at this time. Expenses in research and development, legal and professional and consulting fees were incurred to raise capital and develop the technologies.

The loss for the fourth quarter of 2020 was $1.2 million. The Company continued during this quarter to develop the technologies acquired through the IP Agreements. Expenses in research and development, legal and professional and consulting fees were incurred to raise capital and develop the technologies.

The loss for the third quarter 2020 was $0.02 million. During the third quarter of 2020, these technologies were assessed by consultants of the Company, culminating in two intellectual property agreements entered in September 2020. Expenses commenced in research and development, legal and professional and consulting fees to raise the initial capital and develop the technologies.

The loss for the second quarter 2020 was nil. The Company evaluated various opportunities during 2020 and identified promising technologies towards the end of the second quarter of 2020.

The loss for the first quarter 2020 was $44. With the advent of the COVID-19 pandemic starting in the first quarter of 2020, the Company began searching for opportunities that would help consumers and businesses cope with the pandemic.

(Expressed in United States Dollars unless otherwise specified)

Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA") and Adjusted EBITDA (Non-GAAP Measures)

EBITDA and Adjusted EBITDA are non-GAAP measures used by management that are not defined by IFRS. EBITDA and Adjusted EBITDA do not have a standardized meaning prescribed by IFRS and therefore may not be Comparable to similar measures presented by other issuers. Management believes that EBITDA and Adjusted EBITDA provide meaningful and useful financial information as these measures demonstrate the operating performance of business excluding non-cash charges.

The most directly comparable measure to EBITDA and Adjusted EIBTDA calculated in accordance with IFRS is net loss.

	For the three months ended		For the year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
Loss for the year	**(15,569,464)**	**(1,150,516)**	**(21,428,425)**	**(1,168,090)**
Add (less):				
Amortization	475,986	-	475,986	-
Depreciation	2,431	-	5,156	-
EBITDA	**(15,091,047)**	**(1,150,516)**	**(20,947,283)**	**(1,168,090)**
Add (less):				
Share-based payments	3,957,233	-	4,280,108	-
Listing expenses	7,096,390	-	7,096,390	-
Management and consulting fees paid by common shares	218,750	561,000	2,235,000	561,000
Adjusted EBITDA	**(3,818,674)**	**(589,516)**	**(7,335,785)**	**(607,090)**

Adjusted EBITDA loss for the three months ended December 31, 2021, was $3.8 million compared to an EBITDA loss of $0.6 million for comparable period. The major factors contributing to the $3.2 million increase in loss was driven by an increase in management and consulting expenses of $0.7 million, an increase in sales and marketing expenses of $0.5 million, an increase of $0.1 million in research and development, an increase of $0.3 million in salaries and other expenses and development, a one-time write-off of a 12-month consulting contract of $1.2 million and an increase of $0.4 million in legal and professional fees related to the Company getting listed on the CSE.

Adjusted EBITDA loss for the twelve months ended December 31, 2021, was $7.3 million compared to an EBITDA loss of $0.6 million for comparable period. The major factors contributing to the $6.7 million increase in loss was driven by an increase in management and consulting expenses of $2.8 million, an increase in sales and marketing expenses of $0.8 million, an increase of $0.8 million in research and development, an increase of $0.4 million in salaries and other expenses and development, a one-time write-off of a 12-month consulting contract of $1.2 million and an increase of $0.7 million in legal and professional fees related to the Company getting listed on the CSE.

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

As of December 31, 2021, the Company has working capital of $4,143,942.

On February 5, 2021, prior to the RTO, Vaxxinator completed a private placement and issued 4,940,000 common shares at a price of $0.50 per share for gross proceeds of $2,470,000.

Prior to the RTO, Vaxxinator also completed a private placement of 3,828,266 units at a price of $3.00 per Unit for gross proceeds of $11,484,798. The private placement was completed in different tranches.

The Company established an at-the-market equity program (the "ATM Program") in February 2022 that allows the Company to issue and sell up to $5,000,000 of common shares in the authorized share structure of the Company from treasury to the public, from time to time, at the Company's discretion. The Company has issued 14,055,500 common shares with gross proceeds of $1,307,608 under the ATM Program as of the date of this MD&A.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained, the Company may be forced to curtail its activities to a level for which funding is available or can be obtained.

OUTSTANDING SHARE DATA

At December 31, 2021 and 2020, the Company had 73,930,270 and 46,630,004 common shares issued and outstanding, respectively.

During the year ended December 31, 2021

- Private placement completed prior to the RTO

  - On February 5, 2021, Vaxxinator completed a private placement and issued 4,940,000 common shares at a price of $0.50 per share for gross proceeds of $2,470,000 of which $645,000 was received during the year ended December 31, 2020.

  - Vaxxinator completed a private placement of 3,901,599 units (the "Units") at a price of $3.00 per Unit for gross proceeds of $11,704,798. The private placement was completed in different tranches. Each Unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of $3.50 for a period of two-year from the date of issuance of the warrants, subject to acceleration in the event that the common shares of the Company trade on a recognized Canadian stock exchange and the volume-weighted average price is equal or greater to $7.00 for five consecutive trading days.

  - In connection with private placements completed, Vaxxinator incurred share issue costs of $2,005,527 of which $1,786,000 was satisfied by issuing 3,572,000 common shares of the Company.

- Shares issued for services received prior to the RTO

  - Vaxxinator issued 1,500,000 common shares with fair value of $750,000 to the Company's Chief Financial Officer for the management services to be provided during the year ended December 31, 2021.

  - Vaxxinator issued 250,000 common shares with fair value of $125,000 to the Company's advisor for the sales advisory services to be provided during the year ended December 31, 2021.

  - Vaxxinator issued 2,620,000 common shares with fair value of $1,310,000 to various consultants for the consulting services provided during the year ended December 31, 2021.

- Vaxxinator issued 100,000 common shares with fair value of $50,000 to one of the legal counsels of the Company for the legal services provided during the year ended December 31, 2021.

- Warrants issued for services received prior to the RTO

  - The Company entered into an arm's-length agreements with a consultant to provide management consulting services to the Company. The agreements are for a three-month term. The Company issued a total of 250,000 of its share purchases warrants in consideration for the consulting services. Each warrant entitles its holder to purchase one additional common share at an exercise price of $3.50 for a period of two-year from the date of issuance.

  - The Company entered into an arm's-length agreements with a consultant in providing capital market advisory services to the Company. The agreements are for a three-month term. The Company issued a total of 333,333 of its share purchases warrants in consideration for the consulting services. Each warrant entitles its holder to purchase one additional common share at an exercise price of $3.50 for a period of two-year from the date of issuance.

- On April 15, 2021, prior to the RTO, Vaxxinator granted 1,800,000 options with an exercise price of $0.50 to the Company's Chief Executive Officer (the "CEO"). The options are exercisable for a period of five years. 450,000 options vests on date of grant, 900,000 options will vest on May 19, 2022 and 450,000 will vest on November 19, 2022.

- On May 17, 2021, prior to the RTO, Vaxxinator issued 7,600,000 Common Shares upon execution of the IP License Agreement.

- On October 26, 2021, prior to the RTO, Steinbrenner Racing agreed to subscribe 1,000,000 common shares of Vaxxinator for an aggregate price of $3,000,000. Vaxxinator and Steinbrenner Racing agreed to set off the Sponsorship Fee with Subscription Amount.

- Prior to the RTO, Vaxxinator issued 100,000 common shares with fair value of $50,000 to a vendor to settle the outstanding payables. This amount was recorded as obligation to issue shares as of December 31, 2020.

- In connection with the RTO, the Company was deemed to have issued 833,334 common shares with fair value of $3,046,546 and issued 833,333 common shares with fair value of $3,046,542 as the finder's fee. In addition, 83,333 options were issued to replace the outstanding options previously issued by CHCI. Each option entitles the holder to purchase one common share of the Company at an exercise price of $3.21 at any time prior to October 22, 2025.

- On November 19, 2021, the Company issued

  - 1,000,000 RSUs with fair value of $4,040,087 to its consultant. One-half vest will vest every six months thereafter.

  - 960,000 RSUs with fair value of $3,878,484 to its directors, employees and consultants. One-sixth vest will vest every six months thereafter.

  - 1,1750,000 RSUs with fair value of $4,747,102 to its directors, employees and consultants. One-fourth vest on date of grant and one-fourth vest will vest every three months thereafter.

-

- Subsequent to the RTO, 50,000 warrants were exercised for proceeds of $175,000.

Subsequent to December 31, 2021

- The Company established an at-the-market equity program (the "ATM Program") that allows the Company to issue and sell up to $5,000,000 of common shares in the authorized share structure of the Company from treasury to the public, from time to time, at the Company's discretion.

  The Company has issued 14,055,500 common shares with gross proceeds of $1,307,608 under the ATM Program as of the date of this MD&A.

- 287,500 shares were issued for the vested RSUs.

- The Company issued 4,500,000 common shares to Steinbrenner Racing the Amended Sponsorship Agreement.

- The Company entered into two debt settlement agreements with an two arm's length business development and media consultants of the Company to satisfy the debt with an amount of $396,730 and $225,000 by issuing 2,000,000 and 2,500,000 common shares, respectively.

- The Company granted 1,000,000 options with an exercise price $0.25 to its consultant. The options are exercisable until March 15, 2027. One-third vest will vest every six months thereafter.

- The Company issued 750,000 RSUs to its directors, employees and consultants. One-third vest on date of the first anniversary and one-third vest will vest every six months thereafter.

As at the date of this MD&A, the Company had 97,104,056 common shares issued and outstanding.

In addition, as at the date of this MD&A, the Company had 2,484,126 share purchase warrants with exercise prices of $3.50 per share, 2,883,333 stock options with an exercise prices ranged from $0.25 to $0.50 per share and 3,797,500 RSUs issued and outstanding

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2021 and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Key Management personnel include persons having the 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 executive and non-executive members of the Company's board of directors and corporate officers.

Below are the related persons or entities of the Company:

- Olivier Centner — Chief Executive Officer and Director
- Brian Meadows — Chief Financial Officer and Director
- Torsten Maehle — Former Interim Chief Executive Officer and Former Director
- Campbell Becher — Former Chief Executive Officer and Former Director

Key management personnel receive remuneration from the Company summarized as follows:

During the year ended December 31, 2021

- The short-term benefits incurred for the key management personnel were $1,137,828 of which $750,000 was settled by issuing the common shares of the Company. As discussed in Note 5, during the year ended December 31, 2021, the Company issued 1,500,000 common shares with fair value of $750,000 to the Company's Chief Financial Officer for the management services to be provided during the year ended December 31, 2021.

- The Company granted 1,800,000 options with an exercise price of $0.50 to the CEO and recognized share-based payments of $218,547.

- The Company granted 960,000 RSUs to the Company's directors and recognized share-based payments of $365,832.

During the year ended December 31, 2020

- The short-term benefits incurred for the key management personnel were $47,500 of which $25,000 was paid by issuing 1,250,000 common shares to the Company's Chief Executive Officer for the management services provided during the year ended December 31, 2020.

- The Company issued 8,450,000 common shares with fair value of $169,000 to one of the Company directors for the consulting services provided during the year ended December 31, 2020.

In addition, the Company incurred $376,730 in development expenses with a company that was 49% owned by the Company's CEO for internet connectivity and application development for its air purification products. The Company will own the software and application at the end of the project.

The balances due to the Company's directors and officer were $4,797 as at December 31, 2021 (December 31, 2020 – $nil) which were paid subsequent to December 31, 2021.

Unless otherwise noted, all related party balances are unsecured, non-interest bearing with no fixed terms of repayment.

PROPOSED TRANSACTIONS

N/A

CRITICAL ACCOUNTING ESTIMATES

The preparation of our financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited financial statements for the year ended December 31, 2021 for a more detailed discussion of the critical accounting estimates and judgments.

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

There were no new or amended IFRS pronouncements effective January 1, 2021 that impacted the Company's audited consolidated financial statements for the year ended December 31 31, 2021.

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations.

Fair value

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities and notes payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are as follows:
Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

As at December 31, 2021 and 2020, the financial instrument recorded at fair value on the consolidated statement of financial position is cash which is measured using Level 1 of the fair value hierarchy.

(Expressed in United States Dollars unless otherwise specified)

Set out below are the fair value of the Company's financial assets and financial liabilities by category:

	December 31, 2021 $	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	1,909,675	1,909,675	-	-
Amounts receivable	488,195	-	488,195	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	1,483,342	-	1,483,342	-
Notes payable	293,511	-	293,511	-

	December 31, 2020 $	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	1,415,494	1,415,494	-	-
Amounts receivable	19,522	-	19,522	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	152,810	-	152,810	-

Financial risk management

Credit risk
Credit risk is such that a counterparty to a financial instrument will not discharge its obligations resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk.

Company management evaluates credit risk on an ongoing basis including counterparty credit rating and activities related to receivables and other counterparty concentrations as measured by amount and percentage.

The primary sources of credit risk for the Company arise from cash and amounts receivable. The Company's maximum exposure to credit risk is minimal as cash is deposited with reputable financial institutions.

For amounts receivable, except for the amount due from a government agency, the Company deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Company monitors the credit risk of customers through credit rating reviews.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. As of December 31, 2021, the Company had cash of $1,909,675 to meet short-term business requirements. As of December 31, 2021, the Company had accounts payable and accrued liabilities and notes payable of 1,483,342 and 293,511, respectively.

Market risk
The significant market risks to which the Company is exposed are interest rate risk, currency risk, other price risk, and commodity price risk.

- 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 Company is not exposed to interest rate risk as no financial instruments of the Company as of December 31, 2021 are interest-bearings.

- Currency risk
  The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

  The Company's cash, amounts receivable and accounts payable and accrued liabilities are held in USD, Canadian Dollars ("CA$"), and European Dollar ("Euro" or "€"); therefore, CA$ and Euro accounts are subject to fluctuation against the Canadian dollar.

  The Company had the following balances in foreign currency as at December 31, 2021:

	US$	CA$	EURO$
Cash	1,805,325	132,496	-
Amounts receivable	367,000	153,885	-
Accounts payable and accrued liabilities	(834,480)	(803,876)	(13,890)
Notes payable	-	(372,680)	-
	1,337,845	**(890,175)**	**(13,890)**
Rate to convert to $1.00 USD	1.00000	0.78757	1.13420
Equivalent to USD	**1,337,845**	**(701,074)**	**(15,754)**

  Based on the above net exposures as at December 31, 2021, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the USD against the CAD and EURO would increase/decrease comprehensive loss by $72,000.

For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended December 31, 2021.

DISCLOSURE CONTROLS AND PROCEDURES

Management of the Corporation has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation, as of the date of and for the periods presented.

Pursuant to National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed Venture Issuer Basic Certificates with respect to the financial information contained in the audited consolidated financial statements for the year ended December 31, 2021 and this accompanying MD&A (together, the "Annual Filings"). In contrast to the

full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the Venture Issuer Basic Certificates. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis disclosure controls and procedures and internal control over financial reporting, as such terms are defined in NI 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

The Company's performance and results of operations are subject to various risks and uncertainties described under the heading "Risk Factors" in the annual information form dated April 30, 2022, which is available on www.sedar.com. Prospective investors should carefully consider the specific risk factors discussed before making an investment decision. Additional risks and uncertainties not currently known to the Company may also have an adverse effect on the Company's business. If any of the risks discussed actually occur, the Company's business, financial condition, capital resources, and results or future operations could be materially adversely affected.

The following are certain risk factors relating to the Company's business which prospective investors should carefully consider before deciding whether to purchase Common Shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that the Company currently deem immaterial, may also impair operations. If any such risks actually occur, the business, financial condition, liquidity and results of our operations could be materially adversely affected.

The business has incurred losses in the past and may be unable to achieve or sustain profitability in the future

The Atmofizer business incurred net losses in each period since it commenced operations leading up to the Business Combination. For the twelve months ended December 31, 2021, Atmofizer incurred net losses from operating activities of US$21 million. The Company expects to continue to incur net losses from operations as a result of the change of business of the Company to the business of Atmofizer due to the Business Combination. The Company expects to incur significant expenses due to, among other things, sales and marketing expenses, research and development costs and other expenses. In addition, the Company expects that its general and administrative expenses will increase due to the additional costs associated with being a public company. These efforts and additional expenses may be more costly than the Company expects, and the Company cannot guarantee that it will be able to increase its revenue to offset such expenses. The Company's revenue may decline or its revenue growth may be constrained for a number of reasons, including less than expected demand for the Company's products and services, increased competition or failure to capitalize on growth opportunities. The Company will need to generate significant additional revenue to achieve and sustain profitability and, even if it achieves profitability, the Company cannot be sure that it will remain profitable for any substantial period of time. The Company's failure to achieve or sustain profitability could negatively impact the value of the Common Shares.

The Company has a limited operating history which makes it difficult to evaluate its future prospects for success

Atmofizer had a limited history of operations prior to the Business Combination and consequently, the Company's current operations inherited from Atmofizer are subject to all of the business risks and uncertainties associated with

any early-stage enterprise, including possible under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of significant revenue. The limited operating history may also make it difficult for investors to evaluate the Company's prospects for success.

Public health crises, such as COVID-19, may have a material adverse impact on the Company's operations

The ongoing global outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to protect against the spread of the virus. These measures, which include, among other things, limitations on travel, self-imposed quarantine periods and social distancing measures, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any government and/or central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact that they could have on the financial results and condition of the Company and its operating subsidiaries in future periods.

Global pandemics (like the COVID-19 Pandemic) and other public health threats, or a fear thereof, could adversely impact our production operations, sales efforts, lead to labour shortages, and severely impact supply chain logistics including travel and shipping disruptions and shutdowns (including as a result of government regulation and prevention measures) affecting production and delivery of the inputs and materials we need to operate and deliver our products to customers. It is unknown whether and how the Company may be affected if such an occurrence persists for an extended period of time but we anticipate that it would have a material adverse effect on our business, operating results and financial performance. In addition, the Company may also be required to incur additional expenses and/or delays relating to such events which could have a further negative impact on our business, operating results and financial performance. The Company is actively addressing the risks to its business from COVID-19 through a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis.

The Company's ability to acquire and maintain exclusive licenses to intellectual property may affect its revenue and financial prospects

The Company holds an exclusive, worldwide license to intellectual property directed to apparatus and methods for removal of ultra-fine toxic particles from air and water using aggregation. The Company also holds an exclusive, worldwide license to thin coatings for use in combatting viruses and bacteria on surfaces. These exclusively licensed rights include any discovery, improvement, technology, know-how, data or invention that the Company develops using its in-house expertise and is directly related to its exclusively licensed technology. These intellectual property licenses limit the Company's access to intellectual property to specific fields of use, for specific time periods and are conditioned on achieving target milestones. The Company will not have ownership of any improvements to the technology described in the licensed intellectual property rights but its license agreement grants the Company an exclusive license to any such improvements made to the licensed technology at no additional consideration. The Company may not be able to maintain these exclusive licenses. Product design may evolve and the intellectual property rights that are licensed may not provide adequate coverage for the Company's commercially available current or future products or services. If the Company is unable to maintain these licenses or obtain additional licenses on reasonable economic terms or with significant commercial value, its revenue and financial results may be adversely impacted. These additional licenses may become more expensive and increase the advances, guarantees and royalties to be paid to Smart Material and Windplussonne, which could significantly increase costs and adversely affect the Company's financial prospects.

Failure to adequately protect the Company's intellectual property could adversely affect its business, financial condition, and results of operations

The Company's business will depend substantially on the Company's intellectual property, including the Company's licensed patents (both current and pending) and other licensed rights. Consequently, the protection of the Company's licensed intellectual property rights is expected to be crucial to the success of the Company's business. Policing and enforcing the Company's intellectual property rights is difficult and may not always be effective. In particular, the Company may need to enforce the Company's licensed rights under the laws of countries that do not protect proprietary rights to as great an extent as do the laws of the United States, Canada and various European countries.

The Company holds an exclusive license to use and enforce patent rights that may be issued from five families of pending Patent Applications described above. Should patents be issued from these Patent Applications, the exclusive license will allow the Company to prevent others from using its inventions and proprietary information and technology in the Licensed Fields. However, as of the date of this Annual Information Form, only a single patent, the South African Patent, has been granted to provide an enforceable patent right.

Numerous patents and pending patent applications owned by others exist in the Licensed Fields where the Company expects to commercialize its licensed technology and sell its products or services. These patents and patent applications might have priority over the Company's licensed Patent Applications and could subject the Company's licensed Patent Applications to invalidation and/or prevent one or more of the Patent Applications to be granted to provide an enforceable patent right. The Company may be unable to obtain adequate patent protection or any patent protection for technology claimed in its licensed Patent Applications or such patent protection may not be obtained quickly enough to meet its business needs.

Furthermore, the patent prosecution process is expensive, time-consuming, and complex. The Company will share control over the patent prosecution process associated with its licensed patent rights with its licensor and significant shareholder, Atmofizer Coating, and its licensors, Smart Material and Windplussonne. The Company therefore may not be able to prepare, file, prosecute, maintain, and enforce all necessary or desirable patent applications at a reasonable cost or in a timely manner. The scope of any patent protection obtained can be reinterpreted after issuance and any issued patents may be invalidated. Even if the Company's licensed Patent Applications do result in the successful issuance of patents, they may not necessarily be issued in a form that is sufficiently broad to protect the Company's technology, prevent competitors or other third parties from competing with the Company, and/or otherwise provide the Company with any competitive advantage.

In addition, any intellectual property rights including the Company's licensed patent rights may be challenged, narrowed, invalidated, held unenforceable and/or circumvented in litigation or other administrative proceedings, including, where applicable, opposition, re-examination, inter partes review, post-grant review, interference, nullification and derivation proceedings and equivalent proceedings in foreign jurisdictions. Such challenges to the Company's intellectual property rights may result in substantial cost and require significant time from management, even if the eventual outcome is favorable. The Company may be required to spend significant resources to monitor and protect its intellectual property and other proprietary rights. The Company may conclude that in at least some instances the benefits of protecting its intellectual property or other proprietary rights may be outweighed by the expense or distraction to its management. Effective protection of the Company's intellectual property rights including its licensed parent rights may not be available in every country in which its products or services are available. The laws of some countries may not be as protective of intellectual property rights as those in the United States, Canada and various European countries, and mechanisms for enforcement of intellectual property rights may be inadequate. Accordingly, any enforceable patent or other intellectual property rights obtained may be lost or no longer provide the Company meaningful competitive advantages.

Third parties may also legitimately and independently develop products, services, and technology similar to, or duplicative of, the Company's products and services. Despite the Company's best efforts, third parties may attempt

to disclose, obtain, copy, or use the Company's intellectual property rights or other proprietary information or technology without authorization. Efforts to protect intellectual property and other proprietary rights may not prevent such unauthorized disclosure or use, misappropriation, infringement, reverse engineering or other infringement of these rights.

The Company may initiate claims or litigation against third parties for infringement, misappropriation or other violation of its intellectual property rights or other proprietary rights or to establish the validity of its intellectual property rights or other proprietary rights. Any such litigation, whether or not it is resolved in its favor, could be time-consuming, result in significant expense to and divert the efforts of technical and management personnel. Furthermore, attempts to enforce intellectual property rights against third parties could also provoke these third parties to assert their own intellectual property rights or other claims against the Company or result in a holding that invalidates or narrows the scope of the Company's rights, in whole or in part.

In addition to protection under intellectual property laws, the Company will rely on confidentiality or license agreements that it will generally enter into with corporate partners, employees, consultants, contractors, advisors, vendors and customers. The Company will generally limit access to and distribution of its proprietary information. However, the Company cannot be certain that it will have entered into such agreements with all parties who may have or had access to confidential information or that the agreements entered into will not be breached or challenged or that such breaches will be detected. Furthermore, non-disclosure provisions can be difficult to enforce, and even if successfully enforced, may not be entirely effective. The Company cannot guarantee that any of the measures it will have taken will prevent infringement, misappropriation, or other violation of its technology or other intellectual property or proprietary rights. The Company also may be a target for a cyberattack, which poses a risk of unauthorized access to, and misappropriation of, its proprietary and competitively sensitive information.
Intellectual property infringement assertions by third parties could result in significant costs and adversely affect the Company's business, financial condition, results of operations, and reputation

The Company's success and ability to compete also depends in part on its ability to operate without infringing, misappropriating or otherwise violating the intellectual property or other proprietary rights of third parties. These third-party rights may preclude the Company from making, using or selling its commercial products and services. This risk exists independently of the Company's licensed patent rights. Current and potential competitors may own patents, copyrights, trademarks and trade secrets and may pursue litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. The Company may receive notices that claim the Company infringed, misappropriated, misused or otherwise violated other parties' intellectual property rights. These other parties may have the capability to dedicate substantial resources to enforce their intellectual property rights and to defend claims that may be brought against them. Although to-date, the Company has not received any notices that it has violated intellectual rights of any third party, to the extent the Company gains greater commercial visibility, the Company faces a higher risk of being the subject of intellectual property infringement, misappropriation or other violation claims. Any intellectual property litigation initiated against the Company may involve non-practicing patent assertion entities or companies who use their patents as a means to extract license fees by threatening costly litigation or that have minimal operations or relevant product revenue. The Company's licensed patent rights may provide little or no deterrence or protection against such non-practicing patent assertion entities. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments in any dispute involving intellectual property rights. If securities analysts or investors perceive these announcements or results to be negative, it could have a substantial adverse effect on the price of the Common Shares.

There may be third-party intellectual property rights, including issued patents or pending patent applications that cover significant aspects of the Company technologies, products, services or business methods. There may also be third-party intellectual property rights, including trademark registrations, pending trademark applications and non-registered common law use, which covers the way the Company markets its goods and services. The Company may

also be exposed to increased risk of being the subject of intellectual property infringement, misappropriation, or other violation claims as a result of acquisitions and/or its incorporation of third-party products and services (e.g., hardware and software) into its product and service offerings. The Company has a lower level of visibility into the development process with respect to such third-party products and services or the care taken by any third-party to safeguard their products and services against infringement, misappropriation, or other intellectual property violation risks.

In addition, former employers of the Company's current, former or future employees may assert claims that such employees have improperly disclosed confidential or proprietary information of these former employers. Any intellectual property claims, with or without merit, are difficult to predict, could be very time-consuming and expensive to settle or litigate, could divert management's attention and other resources and may not be covered by insurance. These claims could subject the Company to significant liability for damages, potentially including treble damages if the Company is found to have willfully infringed a third-party's intellectual property rights. These claims could also result in having to stop using technology, or product branding found to be in violation of a third-party's rights. The Company could be required to seek a license for third-party intellectual property, which may not be available on commercially reasonable terms or at all. Even if a license were available, the Company could be required to pay significant royalties, which would increase its expenses.

As a result of any such allegations of intellectual property infringement, the Company may need to redesign or rebrand its products and services. This may include developing alternative non-infringing technology or branding, which could require significant effort and expense. If the Company cannot license rights or develop alternative technology for any infringing aspect of its business, it would be forced to limit or stop sales of one or more of its products or services, it could lose existing customers, and it may be unable to compete effectively. Any of these results would harm the Company's business, financial condition, and results of operations.

Further, the Company's agreements with customers and other third parties may include indemnification provisions under which it agrees to indemnify them for losses suffered or incurred as a result of third-party claims of intellectual property infringement, misappropriation, or other violations of intellectual property rights, damages caused by the Company to property or Persons, or other liabilities relating to or arising from its platforms, services, or other contractual obligations. Large indemnity payments could harm the business, financial condition and operations of the Company. Any dispute with a customer with respect to such obligations could have adverse effects on its relationship with that customer, other existing customers and new customers which could harm the business and results of operations.

If the Company fails to develop and retain an effective direct sales force, or is unable to successfully expand its sales management and sales specialist teams, it could negatively impact the Company's sales, and it may not generate sufficient revenue to achieve profitability

The Company's revenue and financial prospects is directly dependent upon the sales and marketing efforts of its sales management and sales specialist teams. In order to expand the Company's business, the Company plans to build a substantial direct sales force. The Company believes it is necessary to utilize sales management and sales specialist teams that have strong sales leadership and technical backgrounds specializing in sales and marketing of products for air purification units. As the Company increases its marketing efforts, the Company will need to retain, develop and expand the number of direct sales personnel that it employs. The Company intends to make a significant investment in recruiting and training sales representatives as it expands its business. There is significant competition for sales personnel experienced in relevant air purification unit sales. Once hired, the training process is lengthy as it requires significant education on the Company's products for new sales representatives to achieve the level of competency expected by customers. Upon completion of the training, sales representatives typically require lead time in the field to grow their network of accounts and achieve the productivity levels expected of them in any individual territory. Furthermore, the use of the Company's products often requires or benefits from direct support

from the Company, including through experienced sales representatives. The Company's future success will depend largely on its ability to continue to hire, train, retain and motivate skilled members of the sales management and sales specialist teams with significant technical knowledge in various areas. If the Company is unable to attract, motivate, develop and retain a sufficient number of qualified sales personnel, and if the Company's sales representatives do not achieve the productivity levels expected of them, the Company's revenue will not grow at the rate the Company expects and its financial performance will suffer. Also, to the extent the Company hires personnel from its competitors, the Company may have to wait until applicable non-competition provisions have expired before deploying such personnel in restricted territories or incur costs to relocate personnel outside of such territories. Additionally, because the market for experienced sales personnel is competitive, the Company's competitors may try to hire the Company's sales personnel away from the Company. If successful, the Company would be required to dedicate resources to recruiting, filling and training those vacant positions. The Company may also be vulnerable to poaching of its sales personnel from its competitors. Any of these risks may adversely affect the Company's business.

Dependency on Distribution Agreement

The Company currently relies on a single distributor, USA Rapid Test, for the distribution of substantially all of the Company's products. If the Distribution Agreement is terminated by either party, then the Company may not be able to replace USA Rapid Test with another distributor in a timely manner or on terms commercially acceptable to the Company, or at all. In addition, the new distributor may not be able to manage the same sales and distribution network as effectively as USA Rapid Test. For these reasons, the loss of USA Rapid Test as distributor may materially and adversely affect the Company's financial results and prospects.

The Company is subject to substantial government regulation that could have a material adverse effect on its business

The Company's products are regulated by the FDA. The production and marketing of the Company's products and its ongoing research and development are subject to extensive regulation and review by numerous governmental authorities both in the United States and abroad. U.S. and foreign regulations govern the design, development, testing, clinical trials, premarket clearance and approval, safety, marketing and registration of air purification devices, in addition to regulating manufacturing practices, reporting, labeling and recordkeeping procedures. The regulatory process requires significant time, effort and expenditures to bring the Company's products to market, and the Company cannot be assured that any of its products will be approved. The regulations to which the Company is subject to are complex and have tended to become more stringent over time. The Company's failure to comply with applicable regulatory requirements could result in these governmental authorities issuing warning letters or untitled letters, imposing fines and penalties, preventing the Company from manufacturing or selling products, bringing civil or criminal charges against the Company, delaying the introduction of new products into the market, recalling or seizing products or withdrawing, suspending or denying approvals or clearances for its products.
If the Company experiences problems with, or is required to change its manufacturers, the Company may be unable to meet customer orders for its products in a timely manner or within its budget

The Company does not have its own manufacturing facilities or capabilities. The Company's business is wholly reliant on third-party manufacturers and outsourcing of materials to build and produce its commercial products. If the Company is unable to receive adequate quantity or quality of its products on a timely basis, the Company's ability to become profitable may be adversely affected and the Company may not have adequate resources to execute its business strategy. The Company's third-party manufacturers may not prioritize the production of the Company's products compared to their larger customers so the Company may experience longer delays in receiving its requested orders. If one of the Company's third-party manufacturers is unable to manufacture or supply to the Company as expected or contractually obligated, it may have adverse effects on the Company.

Furthermore, if the Company is required to change the manufacturer of its products, it will be required to verify that the new manufacturer maintains facilities, procedures and operations that comply with its quality standards and applicable regulatory requirements, which could further impede the Company's ability to manufacture its products in a timely manner. Transitioning to a new manufacturer could be time-consuming and expensive, may result in interruptions in its operations and product delivery, could affect the performance specifications of its products or could require that the Company modify the design of those products. A change in manufacturer could trigger the requirement to submit and obtain a new 510(k) clearance from the FDA, or similar international regulatory authorization before implementing the change, which could cause substantial delays. The occurrence of any of these events could harm the Company's ability to meet the demand for its products in a timely and cost effective manner. *The Company cannot assure investors that any need to change manufacturers will not cause interruptions in its operations.*

The Company may not receive, or may be delayed in receiving, the necessary clearances or approvals for future products or modifications to current products, and failure to timely obtain necessary clearances or approvals for its future products or modifications to current products would adversely affect the ability to grow the Company's business

In the United States, before the Company can market a new medical device, or a new use of, new claim for or significant modification to an existing product, the Company must first receive either clearance under Section 510(k) of the FD&C Act or approval of a premarket approval (PMA), from the FDA, unless an exemption applies. In the 510(k) clearance process, before a device may be marketed, the FDA must determine that a proposed device is "substantially equivalent" to a legally-marketed "predicate" device, which includes a device that has been previously cleared through the 510(k) process, a device that was legally marketed before May 28, 1976 (pre-amendments device), a device that was originally on the U.S. market pursuant to an approved PMA and later down-classified, or a 510(k)-exempt device. To be "substantially equivalent," the proposed device must have the same intended use as the predicate device, and either have the same technological characteristics as the predicate device or have different technological characteristics and not raise different questions of safety or effectiveness than the predicate device. Clinical data is sometimes required to support substantial equivalence. In the process of obtaining PMA approval, the FDA must determine that a proposed device is safe and effective for its intended use based, in part, on extensive data, including, but not limited to, technical, pre-clinical, clinical trial, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. To date, none of the Company's products have received marketing authorization pursuant to the 510(k) clearance process.

Modifications to products that are approved through a PMA application generally require FDA approval. Similarly, certain modifications made to products cleared through a 510(k) may require a new 510(k) clearance. Both the PMA and the 510(k) clearance process can be expensive, lengthy and uncertain. The FDA's 510(k) clearance process usually takes from three to twelve months, but can last longer. The process of obtaining a PMA is much more costly and uncertain than the 510(k) clearance process and generally takes from one to three years, or even longer, from the time the application is submitted to the FDA. In addition, a PMA generally requires the performance of one or more clinical trials. Despite the time, effort and cost, a device may not be approved or cleared by the FDA. Any delay or failure to obtain necessary regulatory clearances or approvals could harm the Company's business. Furthermore, even if the Company is granted regulatory clearances or approvals, they may include significant limitations on the indicated uses for the device, which may limit the market for the device.

The Company may not be able to establish or strengthen its brand

The Company believes that establishing and strengthening the Atmofizer brand is important to achieving widespread acceptance of the Company's air purification units, particularly because of the highly competitive nature of the market for similar products. Promoting and positioning the Company's brand will depend largely on the success of

the Company's sales and marketing efforts. Additionally, the Company believes the quality and reliability of its product, and any negative publicity regarding the quality or reliability of the Atmofizer Pro or Atmofizer One could significantly damage its reputation in the market. These brand promotion activities may not yield increased sales and, even if they do, any sales increases may not offset the expenses incurred to promote the Company's brand. If the Company fails to successfully promote and maintain its brand, or if the Company was to incur substantial expenses in an unsuccessful attempt to promote and maintain its brand, it would adversely affect the Company's business, results of operations and financial condition.

Risks related to regulation

The Company will be subject to a variety of laws and regulations domestically and abroad that involve intellectual property, advertising, marketing, distribution, data and information security, electronic communications, competition, consumer protection, unfair commercial practices, product liability, taxation, economic or other trade prohibitions or sanctions, securities law compliance, online payment and payment processing services. The Company may introduce new products, expand its activities in certain jurisdictions, or take other actions that may subject it to additional laws, regulations or other government scrutiny.

These laws, regulations and legislation, along with other applicable laws and regulations, which in some cases can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations, including pre-existing laws regulating communications and commerce in the context of the Company's business, particularly in the new and rapidly evolving industries in which the Company operates, may be interpreted and applied inconsistently across jurisdictions and inconsistently with its future policies and practices.

These laws and regulations, as well as any changes to the same and any related inquiries, investigations or any other government actions, may be costly to comply with and may delay or impede new product development, result in negative publicity, increase the Company's operating costs, require significant management time and attention, and subject it to remedies that may harm its business including fines or demands or orders that modify, or cease certain or all existing business practices, or implement costly and burdensome compliance measures. Any such consequences could adversely affect the Company's business, results of operations or financial condition.
Product liability and recalls

The Company risks exposure to product liability claims, regulatory actions and litigation if its products are alleged to have caused significant loss, injury, illness or death. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its customers and could have a material adverse effect on the Company's results of operations and financial condition.

Further, if any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. A product recall could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Product recalls may lead to increased scrutiny of the Company's operations by governmental regulatory authorities requiring further management attention and potential legal fees and other expenses.
The air purification market is fragmented and competitive and the Company may not be able to compete successfully with new or existing competitors

The air purification market is fragmented and competitive. The Company's competition varies by product line, customer classification and geographic market. The principal competitive factors in the industry are quality of product, pricing, service and delivery capabilities and availability of product. The Company will compete with many local, regional and national air purification distributors and dealers. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company will face competition from other parties, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. The Company's ability to compete will depend on the success of its plans to improve existing products, to develop and commercialize new products, to effectively respond to consumer preferences and to manage the complexity of its intellectual property and technologies. Some of the Company's competitors have substantially greater financial resources, higher revenues and greater economies of scale. These advantages may allow competitors to implement their operational strategies more quickly or effectively than the Company can, or benefit from changes in technologies, which could harm its competitive position. These competitive advantages may be exacerbated in a difficult economy, thereby permitting competitors to gain market share. There can be no assurance that the Company will be able to successfully respond to changing consumer preferences, including with respect to new developing technologies and acquiring and developing intellectual property. If the Company is unable to maintain its competitive position, the Company could experience lower demand for products, downward pressure on prices, reduced margins, an inability to take advantage of new business opportunities, a loss of market share and an inability to attract consumers or business partners in the future.

Any future international expansion will subject the Company to additional costs and risks that may have a material adverse effect on the Company's business, financial condition and results of operations

All of the Company's sales are presently primarily to customers in the United States. To the extent the Company enters into international markets in the future, there are significant costs and risks inherent in conducting business in international markets. If the Company expands, or attempts to expand, into foreign markets, the Company will be subject to new business risks, in addition to regulatory risks. In addition, expansion into foreign markets imposes additional burdens on the Company's executive and administrative personnel, finance and legal teams, research and marketing teams and general managerial resources.

The Company has limited experience with regulatory environments and market practices internationally, and it may not be able to penetrate or successfully operate in new markets. The Company may also encounter difficulty expanding into international markets because of limited brand recognition in certain parts of the world. If the Company is unable to expand internationally and manage the complexity of international operations successfully, it could have a material adverse effect on its business, financial condition and results of operations. If the Company's efforts to introduce its products into foreign markets are not successful, the Company may have expended significant resources without realizing the expected benefit. Ultimately, the investment required for expansion into foreign markets could exceed the results of operations generated from this expansion.

Customers may be hesitant in adopting UV light-based technologies, and the Company's inability to overcome this hesitation could limit the market acceptance of the Company's products and market share

The Company's UV light disinfection systems represent relatively new technologies in the market. The Company's future success will depend on its ability to increase demand for its products by demonstrating to a broad spectrum of medical professionals, dentists, hospitality industry, their patients and customers, the potential performance advantages of its UV light systems over traditional methods of air purification and competitive UV light systems, and the Company's inability to do so could have a material adverse effect on its business, financial condition, and results of operations.

Conventional germicidal UV light was historically considered as a human health hazard if improperly used and can lead to skin cancer and cataracts. The Company may experience long sales cycles because healthcare facilities, hotels and other facilities may be slow to adopt new technologies on a widespread basis and admit that such technologies can sanitize public space without damaging public health. As a result, the Company is generally required to invest a significant amount of time and resources to educate the general public about the benefits of its products in comparison to competing products and technologies before completing a sale, if any. Factors that could inhibit adoption of UV technologies by healthcare facilities or hospitality companies include the initial cost and concerns about the safety, efficacy, and reliability of the Company's UV systems. In addition, economic pressure, caused, for example, by an economic slowdown as a result of COVID-19, changes in health care reimbursement or by competitive factors in a specific market, could make businesses reluctant to purchase substantial capital equipment or invest in new technologies. Customer acceptance will depend on the recommendations of governmental authorities, as well as other factors, including the relative effectiveness, safety, reliability, and comfort of the Company's systems as compared to other instruments and methods for performing disinfecting procedures.

Additional funding may be required

Capital expenditures and related costs with growing the Company's business may necessitate external equity or debt financing and there is no assurance that it will be able to secure either kind of external financing at an economically viable cost under reasonable conditions, if at all. Additional equity financing could be dilutive to Company's shareholders and could substantially decrease the trading price of the Company's securities. The Company may issue securities in the future for a number of reasons. Additional debt financing, if secured, could involve restrictions being placed on financing and operating activities which could reduce the scope of the Company operations or anticipated expansion, or involve forfeiting its interest in some or all of its assets, incurring financial penalties, or reducing or terminating its operations.

Shareholders may become diluted

The Company is authorized to issue an unlimited number of Common Shares. If the Company raises additional financing through the issuance of Common Shares (including securities convertible or exchangeable into Common Shares) or completes an acquisition or merger by issuing additional Common Shares, such issuance may substantially dilute the interests of Shareholders and reduce the value of their investment. Shareholders will have no pre-emptive rights in connection with a future issuance. The Board has the discretion to determine the price and the terms of future issuances and the market price of the Common Shares could decline as a result of issuances of new Common Shares. Moreover, additional Common Shares may be issued by the Company upon the exercise of Stock Options, RSUs and DSUs and upon the exercise of outstanding Warrants.

Future acquisitions could disrupt the Company's business and harm the Company's financial condition and operating results

The Company's success will depend, in part, on the Company's ability to expand the Company's markets and grow the Company's business in response to intellectual property protection, changing technologies, customer needs and competitive pressures. The Company may seek to grow the Company's business by acquiring complementary intellectual property, businesses, solutions or technologies. The identification of suitable acquisition candidates can be difficult, time-consuming and costly and the Company may not be able to successfully complete identified acquisitions. In addition, the Company may not be able to successfully assimilate and integrate the business, technologies, solutions, personnel or operations of any company the Company acquires. Acquisitions may also involve the entry into geographic or business markets in which the Company has little or no prior experience.

Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or the Company may be exposed to unknown liabilities. For one or more of those transactions, the Company may:

- issue additional equity securities that would dilute the holders of Common Shares;
- use cash that the Company may need in the future to operate its business;
- incur debt on terms unfavorable to the Company or that the Company is unable to repay;
- incur large charges or expenses or assume substantial liabilities;
- encounter difficulties retaining key employees of the acquired companies or integrating technologies; and
- become subject to adverse tax consequences, substantial depreciation or deferred compensation charges.

Any of these risks could harm the Company's business and operating results.

The Company may have certain key customers that, if lost, may negatively affect the Company's revenues and financial prospects

Several of the Company's material agreements may expire within the next twelve months and the Company could cease to have a presence in existing markets. Additional resources may be required to re-establish presence in those markets or enter into new markets. The Company also has high customer concentration which would make the termination or non-renewal of any material agreement even more significant.

Conflicts of interest may occur

Certain directors and officers may also from time to time become involved with potential competitors of the Company. As a result, situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and are expected to follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Volatile market price of the Common Shares

The Company's failure to meet expectations, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions, industry related developments, results of product development or commercialization, changes in government regulations or other material public announcements by the Company or its competitors, along with a variety of additional factors may adversely affect the market price of the Common Shares.

Furthermore, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market price for the Common Shares will be subject to similar market trends and conditions generally. Consequently, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Once the lock-up restrictions applicable to certain of the Common Shares have expired, sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell, could reduce the market price of the Common Shares. There can be no assurance that material adverse fluctuations in the trading price of the Common Shares will not occur. A prolonged decline in the price of the Common Shares could result in a reduction in the liquidity of the Common Shares or a reduction in the Company's ability to raise capital. Such reductions may force the Company to

reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations.

Lack of active public market for the Common Shares

An active public market for the Common Shares may not develop or be sustained. If an active public market for the Common Shares does not develop or continue, the liquidity of a Shareholder's investment may be limited and the price of the Common Shares may decline.

Growth may place significant demands on the Company's internal systems and controls

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The Company's ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its personnel. The inability of the Company to manage growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may not pay dividends

The Company is unlikely to pay any dividends in the foreseeable future as it may employ available funds for the expansion of the business. Any future determination to pay dividends will be at the discretion of the Board and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board then deems relevant.

Difficulty in enforcing judgments and effecting service of process on directors who reside outside Canada

Certain directors of the Company reside outside of Canada and some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Shareholders to effect service of process within Canada upon such persons.

The Company will rely on the experience of management and consultants

The Company will be dependent on the skills and experience of its executives and consultants whose contributions to the immediate and future operations of the Company and the implementation of the Company's business plan are of great importance. The loss of services of any key management personnel or consultants may have an adverse effect on the Company's business and prospects. The Company may not be able to retain some or all of its key management personnel and consultants and, even if replaceable, it may be time consuming and costly to recruit qualified replacements.

Global macro-economic conditions may have an adverse effect on the Company's operations and financial condition

Recent, unprecedented events including the COVID-19 pandemic, efforts to tackle global climate change and increased trade tensions between the United States and China, have had a profound impact on the global economy. Similarly, increasing risks to global economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and its overall liquidity. As the global economy recovers from the COVID-19 pandemic, there have been excessive supply chain constraints, including significant delays in key shipping routes, resulting in delays and increased costs

in companies receiving key inputs and components. Notably, microchips, an integral component of the Company's products have been subject to widespread shortages globally. These factors could have a material adverse effect on the Company's financial condition and results of operations.

Foreign currency risk

The Company's revenues and expenses are expected to be primarily denominated in United States dollars, and therefore may be exposed to significant currency exchange fluctuations. The Canadian dollar relative to the United States dollar or other foreign currencies is subject to fluctuations. The Company will be subject to risks and losses resulting from fluctuations in the relative value of the currencies of different countries where its customers, suppliers and operations are located. While the Company will attempt to be prudent in managing such foreign exchange risks, there can be no assurance that the Company will not suffer losses from such risks in the future. Any such losses could have a material adverse impact on results of operations and cash available to support operations.
Information technology systems, cyber-attacks and security breaches

The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology (IT) systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company is susceptible to operational, financial and information security risks resulting from cyber-attacks and/or malfunctioning technology. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays, increase in capital expenses, financial losses, the inability to process transactions, the unauthorized release of customer information and reputational risk. If there was a breach in security or if there was a failure of information systems or a component of information systems, it could, depending on the nature of any such breach or failure, adversely impact the Company's reputation, business continuity and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.