ATMOFIZER TECHNOLOGIES INC.

Management's Discussion and Analysis

September 30, 2024

(Expressed in United States Dollars)

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INTRODUCTION

This Management Discussion and Analysis ("**MD&A**") of Atmofizer Technologies Inc. ("**Atmofizer**", "**we**", "**our**" or the "**Company**") is intended to supplement and complement the consolidated financial statements and notes thereto prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") for the three and nine months ended September 30, 2024. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the three and nine months ended September 30, 2024, which are prepared in accordance with International Financial Reporting Standards ("IFRS") and the annual management discussion and analysis for the year ended December 31, 2023 which are available on the SEDAR website at www.sedar.com.

This MD&A is prepared as of November 29, 2024. All dollar amounts in this MD&A are expressed in thousands of United States dollars ("$", "US$" or "US dollar"), unless otherwise specified. Canadian dollars are referred to as "CA$".

Additional information relating to the Company is available 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 air purification technologies; (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 e-commerce 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

The Company is a 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 TSXV 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 Enterprises Inc. ("**Vaxxinator**") proposing a business combination between Vaxxinator and the Company.

On July 14, 2021, the Company entered into a definitive business combination agreement (the "**Business Combination Agreement**") with Vaxxinator, and 1314092 B.C Ltd., a wholly-owned subsidiary of the Company. The Business Combination Agreement was further amended on August 24, 2021.

Pursuant to the Business Combination Agreement, the Company's common shares (the "**Common Shares**") were consolidated on a 24.691:1 basis. Also pursuant to the Business 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 completion of the transactions in the Business Combination Agreement resulted in a reverse takeover of the Company by Vaxxinator (the "**RTO**").

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

The board of directors of the Company was reconstituted following the RTO 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 Corporate Secretary of the Company.

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. The Company'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 pursuing licensing its proprietary technology in consumer and industrial air purification products in retail and commercial devices produced by other companies that integrate the Company's technology into their own products. The applications include stand-alone air purification units as well as an HVAC solution that integrates into existing HVAC systems for consumer and businesses.

These factors are also subject to a number of inherent risks and challenges which had been discussed under the heading "Risk and Uncertainties".

CORPORATE DEVELOPMENTS

The Company continues to transition the business to its most valuable addressable market to integrate the agglomeration technology into existing forced air systems. The Company is ready to focus on the third objective of our strategic plan: 1 - Prove it, 2 - Protect it, 3 - Promote it.

PROVE IT

The Company has been working with Four Seasons Heating and Conditioning ("Four Seasons"), in Chicago, Illinois, one of the largest privately owned HVAC service providers in the United States. Four Seasons has validated the product market fit and helped to develop the final production design which can be installed in less than 15 minutes by any HVAC service technician and sell for less than other similar accessories in the market. The Company has completed testing on the HVAC solution with almost immediate agglomeration at air speeds consistent or superior to most HVAC applications, meaningful improvement of filter performance to remove ultra-fine and fine particles from the air with existing filter technologies, reducing energy costs and improving the flow of hot and cold air to improve HVAC performance. The last phase of comprehensive third-party laboratory tests to independently certify the results of this new product range is scheduled for January 2023. The design can be easily adapted to expand beyond the residential HVAC market to service commercial, industrial and agricultural applications.

PROTECT IT

The Company successfully received its second US patent, its agglomeration technology for integrated and HVAC applications. On August 23, 2022, the Company announced that the USPTO issued a Notice of Allowance for new claims related to the Company's air and water purification technology. This was followed by a formal patent issuance on October 25, 2022. (U.S. Patent No. 11,478,742). The allowed patent application, titled, "Ultra-Fine Particle Aggregation, Neutralization and Filtration" (US Patent Application No. 11,291,939) provides broad protection for important aspects of Atmofizer's air purification technology. The Notice of Allowance from the USPTO is directed to a new design that delivers ultra-fine particle agglomeration and nanoparticle reduction performance in larger air ducts with faster-moving air, using less parts.

PROMOTE IT

The HVAC solution has been designed to scale to other HVAC applications with an asset light strategy that will target existing HVAC suppliers and manufacturers with existing distribution and scale. The Company will look to partner to execute its asset light, technology first approach to license its patented technology for high margin licensing opportunities. The Company is in the final stages of distribution discussions with Four Seasons to be announced in due course.

- On January 12, 2023, the Company implemented the share consolidation of one post-consolidation common share for twenty pre-consolidation common shares. The number of shares and relevant information including but not limited to the share price, number of warrants ("Warrants"), stock options ("Options") and restricted stock units ("RSUs") and exercise price per warrant and option presented in these financial statements for both years ended December 31, 2022 and 2021 had been retroactively adjusted accordingly.

- On April 29th, 2024, Nareda Mills resigned as Director of the Company.

(Expressed in United States Dollars unless otherwise specified)

RESULTS OF OPERATIONS

Operating Expenses

	For the three months ended					
	September 30, 2024		September 30, 2023		Change	
	$	%	$	%	$	%
Expenses						
Consulting fees	1,047	1%	11,956	4%	(10,909)	(91%)
Depreciation	-	-	2,466	1%	(2,466)	(100%)
Foreign exchange loss (gain)	6,206	4%	1,393	1%	4,813	346%
General and administrative expenses	8,814	6%	38,984	14%	(30,170)	(77%)
Marketing expenses	-	-	7,811	3%	(7,811)	(100%)
Professional fees	14,707	10%	57,715	21%	(43,008)	(75%)
Research and development	-	-	5,876	2%	(5,876)	(100%)
Salaries and wages	109,831	76%	132,247	48%	(22,416)	(17%)
Share-based payments	-	-	11,785	4%	(11,785)	(100%)
Transfer agent, regulatory and filing fees	3,737	3%	2,232	1%	1,505	67%
Travel	-	-	285	0%	(285)	(100%)
Total expenses	**144,342**	**100%**	**272,750**	**100%**	**(128,408)**	**(47%)**

The Company incurred $0.1 million in expenses during the three months ended September 30, 2024, compared to $0.3 million during three months ended September 30, 2023. The decrease of $0.1 million in expenses was driven by decreases in professional fees, consulting fees, salaries and wages, share based payments, and general and administration expenses. The Company continued to look for opportunities to reduce is operating expenses as it works on licensing agreements for its technology.

	For the nine months ended					
	September 30, 2024		September 30, 2023		Change	
	$	%	$	%	$	%
Expenses						
Consulting fees	16,484	3%	54,791	6%	(38,307)	(70%)
Depreciation	-	-	7,398	1%	(7,398)	(100%)
Foreign exchange loss (gain)	27,652	5%	(38,471)	(4%)	66,123	(172%)
General and administrative expenses	38,970	7%	125,949	13%	(86,979)	(69%)
Impairment of other receivable	-	-	20,333	2%	(20,333)	(100%)
Marketing expenses	-	-	26,556	3%	(26,556)	(100%)
Professional fees	99,784	18%	161,045	17%	(61,261)	(38%)
Research and development	-	-	12,865	1%	(12,865)	(100%)
Salaries and wages	349,877	63%	456,211	47%	(106,334)	(23%)
Share-based payments	2,403	0%	70,444	7%	(68,041)	(97%)
Transfer agent, regulatory and filing fees	17,126	3%	35,237	4%	(18,111)	(51%)
Travel	968	0%	28,719	3%	(27,751)	(97%)
Total expenses	**553,264**	**100%**	**961,077**	**100%**	**(407,813)**	**(42%)**

(Expressed in United States Dollars unless otherwise specified)

The Company incurred $0.6 million in expenses during the nine months ended September 30, 2024, compared to $1.0 million during nine months ended September 30, 2023. The decrease of $0.4 million in expenses was driven by decreases in salaries and wages, share based payments, marketing and professional services, and general and administration expenses. The Company continued to look for opportunities to reduce is operating expenses as it works on licensing agreements for its technology.

Other income (expenses)

	For the three months ended					
	September 30, 2024		September 30, 2023		Change	
	$	%	$	%	$	%
Other income (expenses)						
Finance costs	-	-	(3,182)	(23%)	3,182	(100%)
Gain on disposition of subsidiaries	-	-	-	-	-	-
Other income	-	-	16,757	123%	(16,757)	(100%)
Total other income (expenses)	**-**	**-**	**13,575**	**100%**	**(13,575)**	**(100%)**

During the three months ended September 30, 2024, the Company had other income of $nil million compared to $0.01 million in the prior period.

	For the nine months ended					
	September 30, 2024		September 30, 2023		Change	
	$		$		$	%
Other income (expenses)						
Finance costs	(994)	(0%)	(9,486)	(18%)	8,492	(90%)
Gain on disposition of subsidiaries	378,818	100%	-	-	378,818	100%
Other income	-	-	62,836	118%	(62,836)	(100%)
Total other income (expenses)	**377,824**	**100%**	**53,350**	**100%**	**324,474**	**608%**

During the nine months ended September 30, 2024, the Company had other income of $0.4 million compared to $0.1 million in the prior period. The Company had a gain on the disposition of its US subsidiary that it voluntarily dissolved in April 2024.

Net income (loss)

During the three months ended September 30, 2024, the Company recorded a net loss of $0.1 million compared to a net loss of $0.3 million for three months ended September 30, 2023. The decrease of $0.2 million in net income was driven by decreases in professional fees, consulting fees, salaries and wages, share based payments, and general and administration expenses.

During the nine months ended September 30, 2024, the Company recorded a net loss of $0.2 million compared to a net loss of $0.9 million for nine months ended September 30, 2023. The decrease of $0.7 million in net loss was driven a gain on the disposition of its US subsidiary that it voluntarily dissolved in April 2024 as well as a reduction in expenses in salaries and wages, share based payments, travel and general and administration expenses.

(Expressed in United States Dollars unless otherwise specified)

SUMMARY OF QUARTERLY RESULTS

	September 30, 2024 $	June 30, 2024 $	March 31, 2024 $	December 31, 2023 $
Sales	-	-	-	-
Net income (loss)	(144,342)	149,173	(180,271)	(110,136)
Comprehensive loss	(147,989)	152,249	(173,503)	(117,721)
Basic and diluted loss per share	(0.02)	0.02	(0.02)	(0.01)

	September 30, 2023 $	June 30, 2023 $	March 31, 2023 $	December 31, 2022 $
Sales	-	-	-	-
Net loss	(259,175)	(307,685)	(340,867)	(12,211,445)
Comprehensive loss	(250,759)	(315,007)	(341,174)	(12,216,227)
Basic and diluted loss per share	(0.03)	(0.03)	(0.05)	(1.86)

The third quarter net loss for 2024 was $0.1 million and loss per Common Share was $0.02. The decrease of $0.4 million in net income compared to the second quarter of 2024 was driven by a gain on the disposition of its US subsidiary that it voluntarily dissolved in April 2024 during second quarter compared to no such event in the third quarter of 2024.

The second quarter net income for 2024 was $0.2 million and earnings per Common Share was $0.02. The improvement of $0.3 million in net income compared to the first quarter of 2024 was driven by a gain on the disposition of its US subsidiary that it voluntarily dissolved in April 2024 as well as a reduction in expenses in salaries and wages, share based payments, travel and general and administration expenses.

The first quarter loss for 2024 was $0.2 million and loss per Common Share was $0.02. The Company continued to focus on cost reduction to reduce its operating costs.

The fourth quarter loss for 2023 was $0.1 million and loss per Common Share was $0.01. The Company continued to focus on cost reduction to reduce its operating costs.

The third quarter loss for 2023 was $0.3 million and loss per Common Share was $0.03. The Company continued to focus on cost reduction to reduce its operating costs.

The second quarter loss for 2023 was $0.3 million and loss per Common Share was $0.03. The Company continued to focus on cost reduction to reduce its operating costs.

The first quarter loss for 2023 was $0.3 million and loss per Common Share was $0.05. This is a decrease of $11.9 million over the loss in the fourth quarter of 2022. The biggest contributors to the reduced net loss of $11.9 million were the impairments of assets in the fourth quarter of 2022 which accounted for $9.2 million of the net loss and 90% of fourth quarter operating expenses and the write off of $2.4 million in advanced payments in the fourth quarter compared no impairments or write offs in the first quarter of 2023.

The fourth quarter loss for 2022 was $12.2 million and loss per Common Share was $1.86. No revenue was generated during the fourth quarter of 2022. The biggest contributors to the net loss of $12.2 million were impairments of assets which accounted for $9.2 million of the net loss and 90% of fourth quarter operating expenses. Additionally the write off of $2.4 million in advanced payments accounted for the remaining driver of the $12.2 million loss in the fourth quarter.

(Expressed in United States Dollars unless otherwise specified)

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities to date have been funded through equity financings, sales of inventory and the sale of a parcel of land it acquired during the RTO process of 2021.

As of September 30, 2024, the Company had working capital deficiency of $1,606,070.

The Company has focused on reducing cash operating expenses to preserve its cash. 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.

Cash flow

Three and nine months ended September 30, 2024- Cash flow used in operating activities

Following is the breakdown of the cash flow from operating activities:

	For the three months ended		
	September 30, 2024	**September 30, 2023**	**Change**
	$	**$**	**$**
Net loss	(144,342)	(259,175)	114,833
Adjustments for items not affecting cash:	-	16,118	(16,118)
Net changes in non-cash working capital items:	127,739	89,285	38,454
Decrease in cash	**(16,603)**	**(153,772)**	**137,169**

Cash used in operating activities was $0.01 million during the three months ended September 30, 2024, compared to $0.2 million used during the three months ended September 30, 2023, or an increase of $0.1 million. This decrease of $0.1 million used in operations was the result of (1) a decrease in cash used in operating activities after adjusting for items not affecting cash of $0.1 million for the three months ended September 30, 2024 compared to $0.3 million used in the prior period (decrease in use of cash of $0.1 million for the quarter) and (2) cash from non-cash working capital of $0.1 million during the three months ended September 30, 2024 compared to cash from non-cash working capital of $0.1 million in the comparable period ($nil change).

	For the nine months ended		
	September 30, 2024	**September 30, 2023**	**Change**
	$	**$**	**$**
Net loss	(175,440)	(907,727)	732,287
Adjustments for items not affecting cash:	(375,779)	103,999	(479,778)
Net changes in non-cash working capital items:	413,283	329,861	83,422
Decrease in cash	**(137,936)**	**(473,867)**	**335,931**

Cash used in operating activities was $0.1 million during the nine months ended September 30, 2024, compared to $0.4 million used during nine months ended September 30, 2023, or a decrease of $0.3 million. This decrease of $0.3 million used in operations was the result of (1) a decrease in cash used in operating activities after adjusting for items not affecting cash of $0.6 million for the three months ended September 30, 2024 compared to $0.8 million used in the prior period (decrease in use of cash of $0.2 million) and (2) cash from non-cash working capital of $0.4 million during the nine months ended September 30, 2024 compared to cash from non-cash working capital of $0.3 million in the comparable period ($0.1 million improvement).

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 8,640,898 common shares and 190,000 restricted share units ("**RSUs**") were issued and outstanding.

During the nine months ended September 30, 2024, there were no equity transactions occurred.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2024 and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel. Other related parties to the Company include companies in which key management has control or significant influence. Key management personnel receive remuneration from the Company summarized as follows:

During nine months ended September 30, 2024

- The short-term benefits incurred for the key management personnel were $334,372.
- The Company incurred professional fees of $6,974 from a law firm in which the one of the Company's directors is a partner.
- The Company recognized share-based payments of $2,403 related to the RSUs granted to the Company's officer.

During nine months ended September 30, 2023

- The short-term benefits incurred for the key management personnel were $416,111.
- In addition, the Company incurred $3,914 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 balances due to the Company's directors, officers and former officer included in accounts payable and accrued liabilities were $1,289,480 as of September 30, 2024 (December 31, 2023 – $1,039,391). The balance is unsecured, non-interest bearing with no fixed terms of repayment.

In addition, the note payable included an amount of $21,682 (December 31, 2023 – $22,048) due to one of the Company's directors.

(Expressed in United States Dollars unless otherwise specified)

CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires Management to use judgment and make estimates and assumptions that affect the reported amounts 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 consolidated financial statements for the year ended December 31, 2023 for a more detailed discussion of the critical accounting estimates and judgments.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretation Committee that are mandatory for accounting periods beginning on or after January 1, 2024. The Company does not expect that any new or amended standards or interpretations that are effective for annual periods beginning on or after January 1, 2024 will have a significant impact on the Company's results of operations or financial position.

FINANCIAL INSTRUMENTS

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 September 30, 2024 and December 31, 2023, 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.

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

	September 30, 2024 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	86,527	-	86,527	-
Accounts receivable	3,389	-	3,389	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(1,400,902)	-	(1,400,902)	-
Notes payable	(295,084)	-	(295,084)	-

	December 31, 2023	FVTPL	Amortized costs	FVTOCI
	$	$	$	$
FINANCIAL ASSETS				
ASSETS				
Cash	224,469	-	224,469	-
Accounts receivable	66,787	-	66,787	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(1,443,519)	-	(1,443,519)	-
Notes payable	(300,409)	-	(300,409)	-

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 other 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 the cash with the amount of $86,527 which is deposited with reputable financial institutions. Amounts receivable are due from government agencies.

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 September 30, 2024, the Company had cash of $86,527 to meet short-term business requirements. As of September 30, 2024, the Company had accounts payable and accrued liabilities and notes payable of $1,400,902 and $295,084, 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's notes payable are not subject to interest rate risk as it is not subject to a variable interest rate.

- 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 United States Dollars ("$" or "US$") and Canadian Dollars ("CA$"); therefore, CA$ accounts are subject to fluctuation against the United States Dollars.

(Expressed in United States Dollars unless otherwise specified)

The Company had the following balances in foreign currency as at September 30, 2024:

		US$	CA$
Cash		4,143	111,340
Accounts receivable		-	4,580
Accounts payable and accrued liabilities		(781,343)	(837,322)
Notes payable		-	(398,800)
		(777,200)	**(1,120,202)**
	Rate to convert to $1.00 US$	1.00	0.74
Equivalent to US$		**(777,200)**	**(828,871)**

Based on the above net exposures as of September 30, 2024, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the USD against the CA$ and € would increase/decrease comprehensive loss by $83,000.

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, 2023.

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 interim consolidated financial statements for the period ended September 30 30, 2024, and this accompanying MD&A (together, the "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 Interim Filings on SEDAR+ at www.sedarplus.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.

REVIEWED BY MANAGEMENT

This MD&A and the audited consolidated financial statements for the period ended September 30, 2024 (the "Filings") had been reviewed by the Company Executive Officer ("CEO") and Chief Financial Officer ("CFO") and certified the followings:

No misrepresentations: Based on CEO's and CFO's knowledge, having exercised reasonable diligence, the Filings do not contain any untrue statement of a 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 was made, with respect to the period covered by the Filings.

Fair presentation: Based on CEO's and CFO's knowledge, having exercised reasonable diligence, the financial report together with the other financial information included in Filings fairly presented in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the Filings.

RISKS AND UNCERTAINTIES

To the date of this MD&A 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. 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 nine months ended September 30, 2024, the Company incurred net losses from operating activities of US$169,243. 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.

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. 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.

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 preexisting 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 Agglomeration and 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.

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.

ADDITIONAL INFORMATION

Additional information relating to the Company's operations and activities can be found under the Company's profile on SEDAR+ at www.sedarplus.com.