The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of American Aires.("Aires" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for three months ended March 31, 2022. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2021 as well as the unaudited interim financial statements for the three months ended March 31, 2022, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as at December 6, 2022 unless otherwise indicated.

Description of Business

American Aires Inc. (the "**Company**") was incorporated on May 15, 2012 and organized under the laws of Ontario, Canada. The registered office of the Company is located at 400 Applewood Crescent, unit 100, Vaughan, Ontario, L4K 0C3.

The Company is currently engaged in business of production, distribution and sales of electromagnetic protection devices. The Company currently has a full suite of consumer products under the brand name "Lifetune" and continues to develop additional products.

The Company was formed to further research, develop and distribution devices intended to protect persons from the harmful effects of electromagnetic radiation ("**EMR**") that are emitted by modern electronic devices. Since incorporation, the Company has continued the research and development that was started by the AIRES Human Genome Research Foundation ("**Aires Research**") and has manufactured its products in Europe, and sold its products primarily in North America and elsewhere throughout the world. Aires Research, a non-profit foundation based and governed pursuant to the laws of the Russian Federation, was founded by Igor Serov in 1998 to conduct research in various scientific areas, including controlling the harmful effects of EMR emissions. Mr. Igor Serov and Mr. Dimitry Serov established the Company to further develop the technology being used by the Company and to bring the technology to market.

Highlights

On May 28, 2021, the Company closed the first tranche of a non-brokered private placement raising gross proceeds of $905,000 through the issuance of 6,033,333 common share units at a price of 15 cents per unit. Each unit was comprised of 1 common share and one common share purchase warrant exercisable at a price of $0.30 for a period of 24 months from the date of closing. Pursuant to the closing, the Company paid a finder's fee of $47,094 and issued finders' warrants exercisable for 315,000 units with the same terms.

On August 31, 2021, the Company closed a non-brokered private placement raising gross proceeds of $395,000 through the issuance of 3,950,000 common share units at a price of 10 cents per unit. Each unit was comprised of 1 common share and half of one common share purchase warrant exercisable at a price of $0.15 for a period of 24 months from the date of closing. Pursuant to the closing, the Company incurred cash costs of $35,650 and issued finders' warrants exercisable for 355,500 common shares at $0.10.

On September 20, 2021, the Company closed a non-brokered private placement raising gross proceeds of $387,500 through the issuance of 3,875,000 common share units at a price of 10 cents per unit. Each unit was comprised of one common share and half of one common share purchase warrant exercisable at a price of $0.15 for a period of 24 months from the date of closing. Pursuant to the closing, the Company incurred cash costs of $28,800 and issued finders' warrants exercisable for 288,000 common shares at $0.10.

On December 17, 2021, the Company closed a non-brokered private placement raising gross proceeds of $246,000 through the issuance of 2,460,000 units at a price of $0.10 per unit. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.15 for a period of 12 months from the date of closing. Should the closing price at which the common shares trade on the Canadian Securities Exchange (or any such other stock exchange in Canada as the common shares may trade at the applicable time) exceed $0.30 for 10 consecutive trading days at any time following the date of issuance, the Company may accelerate the warrant term (the “reduced warrant term”) such that the warrants shall expire on the date which is 30 business days following the date a press release is issued by the Company announcing the reduced warrant term. Pursuant to the closing, the Company incurred cash costs of $39,642 and issued 193,500 finders' warrants.

Approval of New Design Patent

On October 7, 2020, the Company announced it was granted a design patent from the US Patent and Trademark Office to protect Aires' unique hardware design for the DEFENDER model (issued on September 1, 2020 under US D894,908). The design is also patent protected in Canada, Europe, and the Russian Federation and allows Aires to exclude other manufacturers from making, using, selling, or importing into the US a product like the one that Aires has created. The design patent is granted protection for 15 years.

Changes to Board of Directors

On December 10, 2019, the Company appointed Drew Green is the Chief Executive, President and a Director of INDOCHINO and is an expert in managing fast-paced, high growth companies. A visionary leader, Green has created one of the world's fastest growing apparel brands. Since 2015, he has established significant strategic capital and global alliances that has led to over 500% growth, market leadership and enhanced profitability. Previously nominated as Top 40 Under 40, as well as CEO of the year, Green has been recognized for his accomplishments throughout his career. In 2017, Green was awarded the Innovation in Retail award. In 2018, he was awarded Breakout Retailer of the Year, and was selected as the Entrepreneur of the Year by Ernst and Young, (EY) becoming a member of EY’s Entrepreneur of the Year Hall of Fame in 2019.

On March 19, 2021, the Company announced s the appointment of Mr. Andrew Michrowski to the Company's Board of Directors. Mr. Michrowsk replaces outgoing director, Mr. Tony Di Benedetto.Mr. Michrowski attended the Politecnico di Milano, Architecture, Urbanism & Regional Planning, with engineering & sciences. He is currently a consultant with an international scientific NGO at the United Nations: Planetary Association for Clean Energy, which focuses on advanced clean energy systems and monitors technological threats. Prior thereto, Mr. Michrowski served as Chief Planner with Indian andNorthern Affairs, and previously, he held positions as forecaster, policy analyst and program evaluator with the Secretary of State. He has headed multi-year Canadian EMF in housing study for the Canada Mortgage and Housing Corporation team.

On May 21 , 2021, the Company announced the appointment of Mr. Josh Bruni as the Company's Chief Revenue Officer, effective July 1, 2021. Josh brings a wealth of strategic and executive level success from his 15+ years building and growing brands across a wide range of categories. He is known for being a forward thinker and having a mind for “what’s next” in consumer behavior and culture. Most recently as Chief Strategy Officer with Reckitt Benckiser, he used this combination of diverse professional experience and intuition to lead the integration, transformation and growth of a recently acquired wellness brand. Prior to his role with Reckitt, he was the Chief Growth Officer with Vendo, a growth marketing agency specializing in high-growth CPG brands. As CGO, he developed direct-to-consumer and integrated-omnichannel marketing strategies for top brands. Over his career he has garnered experience as an executive, strategist and entrepreneur in a variety of CPG categories as well as fashion & apparel, footwear, sports, fitness and tech industries.

On November 2, 2022, the Company announced the resignation of Chris Irwin from the Board of Directors.

Advisory Board Establishment

On April 15, 2021, the Company announced the establishment of an Advisory Board and that Dr. Arturas Jukna, Dr.Gennadi Lukyanov and Dr. Nataliya Dyuzhikova have been appointed as its initial members to assist the Company in furthering its product development initiatives.

New E-Commerce Platform

On October 26, 2021, the Company announced the Llunch of their new e-commerce web portal, which has been built on Shopify's newly released Online Store 2.0 framework. By incorporating this newest technology, Aires can take full advantage of Shopify's platform in order to build, deploy and optimize features and experiences while keeping expedited deployment timelines.

5G Product Launch

On January 7, 2020, the Company completed the design and development of four new key products designed specifically for the emergence of 5G cellular technology as consumers seek protection from the harmful effects of electromagnetic radiation. With the impact of Covid 19, the new products were launched in Q4 2020.

Lifetune Mini Product Launch

On October 21, 2021, the Company announced the launch of a new product, the "Lifetune Mini" in advance of the upcoming 2021 holiday season. With the new Lifetune Mini, customers will have the opportunity to benefit from "portable/wearable" protection against the harmful effects of electromagnetic radiation (EMR) / electromagnetic frequency (EMF).

Distribution Partnerships

During fiscal 2020, the Company established a number of distributions agreements with various corporations, including Amazon, eBay, kmart, Sears and Best Buy.

On October 1, 2020, the Company announced its inclusion on an additional product sales fulfillment platform that allows Aires to deliver to customers directly from a globally recognized leader in online sales and fulfillment.

On February 22, 2021, the Company announced the launch of an additional purchasing option for customers through the implementation of a multi-year subscription plan for Aires products.The subscription option was made available to customers beginning in March 2021.

Call Centre

On January 31, 2020, the Company entered into a call centre service agreement (the "Service Agreement") effective January 28, 2020 with Answer 365, a Canadian call center, pursuant to which Answer 365 will outsource Aires' customer service providing 24 hour support.

Marketing Agreements

On August 16, 2021, the Company announced it had partnered with VaynerCommerce, a disruptive marketing company, to drive global customer growth. This partnership was designed to build an entirelynew approach to marketing for Aires, with an agreement signed for 6 months, extendable.The move will integrate Aires' creative, media, and commerce initiatives to enhance speed,brand building and business results.

On July 8, 2020, the Company announced had engaged Investor Cubed to provide on-going investor relations and shareholder communications services pursuant to an agreement dated July 1, 2020 (the “Agreement”).

Pursuant to the Agreement the Company has agreed to pay Investor Cubed a fee of $7,000 per month for an initial term of twelve months and issue 400,000 options to purchase common shares of the Company at an exercise price of $0.35 with 200,000 options vesting ninety days from execution of the agreement and 200,000 options vesting one hundred and eighty days from execution of the Agreement. Further the Company has agreed to pay Investor Cubed a one-time fee of $7,500 upon execution of the Agreement. The Agreement replaces the agreement between the Company and Investor Cubed announced on June 15, 2020.

On July 30, 2020, the Company announced its collaboration with Engage People, an innovative technology company in the loyalty and rewards industry. Aires has become a Technology Partner on the Engage People E-Commerce Platform and starting August 1st, 2020, Engage People will promote all Aires products through Canadian banking loyalty programs, such as TD rewards, Desjardins' loyalty program, RBC rewards and BMO rewards. These major banks will offer to their members the opportunity to buy Aires products in real-time either by redemption with credit card, or membership points.

On January 28, 2021, the Company announced the following marketing and digital service agreements:

i) An agreement for electronic media and webcast services, design, development and dissemination services (the "EMC Agreement") with Emerging Markets Consulting, LLC ("EMC") with respect to EMC providing investor relations services to the Company. Effective February 1, 2021, the EMC Agreement has an initial term of 90 days, wherein the Company will pay EMC a non-refundable fee of $150,000. EMC is a syndicate of investor relations consultants consisting of stock brokers, investment bankers, fund managers, and institutions that actively seek opportunities in the micro and small-cap equity markets. Neither EMC nor any of its principals currently own any securities, directly or indirectly, of the Company, or have any intention to acquire any securities of the Company.

ii) an agreement for strategic digital media services, marketing, and data analytics services (the "WM Agreement") with Winning Media LLC ("WM") with respect to WM providing investor relations services to the Company. Effective February 1, 2021, the Company has the ability to terminate the WM Agreement at any time upon 30 days' notice. Neither WM nor any of its principals currently own any securities, directly or indirectly, of the Company or have any intention to acquire any securities of the Company. The Company will pay WM a non-refundable fee of $100,000.

iii) An agreement with Hybrid Financial Ltd. (“Hybrid”) to provide marketing services for the Company. Hybrid has been engaged to heighten market and brand awareness for Aires and to broaden the Company's reach within the investment community. Hybrid has agreed to comply with all applicable securities laws and the policies of the Canadian Securities Exchange (the “Exchange”) in providing the Services. Hybrid has been engaged by the Company for an initial period of 6 months starting February 1, 2021 (the “InitialTerm”) and then shall be renewed automatically for successive three (3) month periods thereafter, unless terminated by the Company in accordance with the Agreement. Hybrid will be paid a monthly fee of $38,333.34, plus applicable taxes, during the Initial Term.

Business Objectives and Milestones

Over the next twelve months, the Company has the following business objectives:

Continued revenue and gross margin growth with a focus on increasing revenue per sale through market expansion, diminished use of discounts and cost reduction. The Company continues to see strong interest amongst influencers, celebrities and professional athletes and expects to further expand on and optimize these collaborative relationships.

With majority of products using similar parts, Company expects to further improve its supply chain by building components in parallel allowing for backstock of individual parts rather than completed products. Thus, eliminating the need for holding completed inventory, eliminating long lead times and allowing for product forecasts to be based on real time demand.

The Company will make a strategic shift from being recognized as the most advanced and scientifically proven EMFprotection product towards becoming the leading ecohealth and environmental wellness brand. To support this shift, Company is expected to deepen its relationship with core EMF protection consumers through building its library of science-based content with the most up to date educational and entertaining media. In addition, Company intends to leverage its leadership in the EMF space to expand its content and collaboration efforts into adjacent environmental wellness categories. This shift is expected to penetrate new audiences while building authority as a wellness brand.

Over the next 12 months Company expects to make new investments in R&D to expand its range of products. These investments will also be used to speed up identifying product market fit through increased ability to rapidly prototype and market-test new innovation. Company expects to build on its already expansive IP through additional peer-reviewed and published research and add a new patent to its portfolio.

The Company will drive to further expand into English speaking markets that have demonstrated strong product-fit. Key markets include Australia, New Zealand, Ireland and the United Kingdom.

The Company will leverage recently opened Australia and EU-based fulfillment hubs with its third party fulfilment provider, allowing for reduced costs in and out of fulfillment centers and further support international expansion.

To achieve its objectives and execute its business plan, the Company will require additional financing. The Company is actively seeking additional sources of liquidity.

Summary of Quarterly Results

The selected financial information is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Amounts are expressed in thousands of Canadian dollars, except for loss per share, which is rounded to the nearest cent.

	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020
Net Assets	2,119	2,267	2,863	2,932	3,328	2,124	2,364	2,927
Loss for the period	(1,470)	(1,421)	(1,597)	(1,121)	(1,948)	(2,099)	(1,505)	(1,473)
Loss per share	(0.01)	(0.00)	(0.01)	(0.01)	(0.02)	(0.03)	(0.01)	(0.01)

Three Months Ended March 31, 2022 vs Three Months Ended March 31, 2021

For the three months ended March 31, 2022 the Company reported a net loss and comprehensive loss of $1,470,349 compared with a net loss and comprehensive loss of $2,072,811 during the three months ended March 31, 2021. The decline in the loss for the three months ended March 31, 2022 is primarily driven by a decline in advertising and promotion expenditures over the Comparative period

Device sales increased to $688,503 for the three months ended March 31, 2022 from $618,470 during the three months ended March 31, 2021, representing an 11% increase over the comparative period. The Company achieved a gross margin of 44% during the three months ended March 31, 2022, compared with 20.2% for the three months ended March 31, 2021. During the fourth quarter of fiscal 2021, the Company saw benefits associated with its focus on targeted advertisng, scaling back dicounts, and focused reduction on manufactured product cost, in conjunction with the strategic appointment of the Company's new Chief Revenue Officer mid fiscal 2021. The comparative period ended March 31, 2021 saw aggressive discounting offered to increase brand awareness, coupled with efforts to draw down the remaining 4G inventory with the launch of the Company's new 5G product line.

In conjunction with the strategy noted above, advertising and promotion expenses declined sharply during the three months ended March 31, 2022 to $692,127 from $1,262,765 during the three months ended March 31, 2021 where the Company increased consumer engagement to support the new 5G line.

Travel expense increased to $7,496 for the three months ended March 31, 2022 from $3,746 for the three months ended March 31, 2021 as travel restrictions associated with the COVID-19 pandemic eased.

Office and general expenses increased to $236,669 for three months ended March 31, 2022, from $151,211 during the comparative three months ended March 31, 2021, primarily driven by additional bookkeeping staffing brought on during the period.

Professional fees increased to $114,843 for the three months ended March 31, 2022 from $28,590 for the three months ended March 31, 2021, driven primarily by increases in provisions for the fiscal 2022 year end audit, coupled with an increase in legal expenses associated with general corporate matters.

Salaries and benefits declined to $97,851 during the three months ended March 31, 2022 compared with $101,386 during the three months ended March 31, 2021, driven by movement of certain administrative functions from salaried to outsourced contractual relationships.

Consulting fees declined to $280,429 during the three months ended March 31, 2022 from $302,623 during the three months ended March 31, 2021. Variances are driven by cyclical variations in utilization of operational consultants.

Stock-based compensation declined to $96,848 during the three months ended March 31, 2022 from $192,218 for the three months ended March 31, 2021. The comparative period saw residual vesting of a large option grant, while the current period saw immediate vesting of a a grant to a director, and residual vesting of a prior grant to a consultant.

Interest changes increased from $2,074 during the three months ended March 31, 2021 to $229,707 for the three months ended March 31, 2022, as the Company sourced alternative sources of working capital through a series of debt instruments.

Liquidity and Capital Resources

The Company had a working capital deficiency of $503,508 as at March 31, 2022 (December 31, 2021 – working capital of $324,272), and cash and cash equivalent balance of $155,938 (December 31, 2021 - $275,696). The Company is actively seeking additional sources of liquidity required to fund operations until such point it is profitable.

During the three months ended March 31, 2022, 850,000 options were exercised yielding $85,000 in proceeds to the Company.

On May 28, 2021, the Company closed the first tranche of a non-brokered private placement raising gross proceeds of $905,000 through the issuance of 6,033,333 common share units at a price of 15 cents per unit. Each unit was comprised of 1 common share and one common share purchase warrant exercisable at a price of $0.30 for a period of 24 months from the date of closing. Pursuant to the closing, the Company paid a finder's fee of $47,094 and issued finders' warrants exercisable for 315,000 units with the same terms.

On August 31, 2021, the Company closed a non-brokered private placement raising gross proceeds of $395,000 through the issuance of 3,950,000 common share units at a price of 10 cents per unit. Each unit was comprised of 1 common share and half of one common share purchase warrant exercisable at a price of $0.15 for a period of 24 months from the date of closing. Pursuant to the closing, the Company incurred cash costs of $35,650 and issued finders' warrants exercisable for 355,500 common shares at $0.10.

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As at December 31, 2021, the Company had manufacturing deposits of $778,821 (December 31, 2020 - $309,788) on account with its device manufacturing partner to satisfy lead time funding requirements required to produce and secure inventory.

On June 9, 2021, the Company entered into a marketing and advertising working capital loan facility agreement (the “Marketing Loan Agreement”), providing the Company with eligible advances of up to $170,000 to be directly applied against operating expenses from approved vendors. On August 18, 2021 and November 24, 2021, the Company received additional eligible advances on the Marketing Loan Agreement totaling $77,500 and $80,000, resulting in aggregate available advances of $327,500.

Under the terms of the Marketing Loan Agreement, the Company shall make repayments to the lender in the aggregate amount of $366,800, with an implied interest rate of 12% per annum if repaid over a one-year term. Repayments on the Marketing Loan Agreement are to be made daily based on 20% of the Company’s daily sales. Advances taken on the Marketing Loan Agreement are subject to a 6%

discount, provided that no event of default occurs throughout the term of the arrangement.

As of December 31, 2021, the Company has applied $287,782 of the eligible advances against operating expenses from approved vendors which have been included within changes in accounts payable and accrued liabilities in the consolidated statements of cash flows. Remaining eligible advances totaling $39,718 are included in prepaids and sundry receivable on the consolidated statements of financial position as at December 31, 2021.

During the year ended December 31, 2021, the Company entered into a series of working capital loan facility agreements (the "Working Capital Loan Agreements") whereby the lender pays select invoices on the Company's behalf, with the ensuing debt repayable after a period of up to 120 days, in 30 day increments at the approval of the lender. Ensuing debt shall bear interest at a rate of 1% for each 30 day period. During the year ended December 31, 2021, the lender paid invoices on behalf of the Company amounting to USD $1,303,076 (CAD $1,648,084) of which the Company made repayments of both principal and interest on totaling USD $927,099 (CAD $1,153,085). Invoices paid by the lender on behalf of the Company have been included within changes in accounts payable and accrued liabilities in the consolidated statements of cash flows. In connection with the Working Capital Loan Agreements, the Company recognized interest expense totaling $81,490 in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2021.

During the year ended December 31, 2020, the Company had applied for and received CEBA funding for an initial $40,000. Under the terms of the initial funding, if 75% of the loan is repaid on or before December 31, 2022, the remaining 25% of the balance will be forgiven. During the year ended December 31, 2021, the Company applied for and received the expansion offered on the CEBA for an additional $20,000. Under the terms of the additional funding, if 50% of the loan is repaid by December 31, 2022, the remaining 50% of the balance will be forgiven. Both the initial and expansion loan are non-interest bearing up until December 31, 2022, after which the outstanding balance will be subject to interest at a rate of 5% per annum.

On February 7, 2022, the Company entered into a loan agreement with an arm's length lender whereby the lender agreed to advance $500,000 under the terms of a promissory note. The maturity date of the loan was three months from the date of the promissory note, which could be further extended by the lender for an additional three months. The rate of interest is 12% per annum. The loan will be secured by a general security interest over the assets of the Company. Under the general security agreement, the Company will agree, among other things, to not sell, lease or otherwise dispose of its assets, other than in the normal course, without prior written consent of the note holders. In connection with the loan, the Company issued to the lender common share purchase warrants to purchase up to 5,000,000 common shares of the Company exercisable at a price of $0.10 per share for a period of three years from the date of issuance. As of the date of these financial statements, the loan remains outstanding with its maturity date extended by the lender to February 7, 2023.

In February 2022, the Company issued 491,228 common shares in settlement of $46,666 of debt.

On May 26, 2022, the Company issued a grid promissory note dated May 26, 2022 and amended on August 12, 2022 with an arm's length lender whereby the lender agreed to advance up to $500,000 (in $100,000 increments if and as needed) to the Company. The loan will primarily be used for working capital purposes, taking the form of a promissory note in favour of the Lender, maturing on May 1, 2023. bearing interest at a rate of 8% per annum. The Company has agreed to pay a monthly royalty of 3.5% from net sales for every $100,000 loaned to the Company, subject to a maximum monthly royalty of $10,000 per $100,000. The royalty will exist until the Loan is repaid in full. To date, $300,000 has been drawn from this promissory note.

On March 15, 24 and April 5, 2022, the Company closed three tranches of a non-brokered private placement to the Company through the issuance of an aggregate of 3,050,000 units at a price of $0.10 per unit for aggregate gross proceeds of $305,000. Each unit consists of one common share and one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at a price of $0.10 per Common Share for a period of thirty-six months from the closing of the offering. In connection with the private placement, the Company issued 244,000 broker warrants exercisable for $0.10 per broker warrant into an additional unit with identical terms to those seen in the non-brokered private placement for a period of 36 months from the date of grant. Cash commissions of $18,400 and legal fees of $30,000 were paid.

During the three months ended March 31, 2022, the Company received working capital advances from its e-commerce service provider, receiving upfront advancements totaling $120,000. Under the terms of the agreements, the Company shall remit amounts totaling $135,600 as full repayment for principal and implied interest on the advancements. Payments are required to be made daily based on 15% and 9% of the Company's daily sales until such time that the remittances are repaid in full.

Subsequent to March 31, 2022, the Company entered into two working capital advances from its e-commerce service provider, receiving upfront advancements totaling $152,500 and $315,000. Under the terms of the agreements, the Company shall remit amounts totaling $167,750 and $355,950 respectively as full repayment for principal and implied interest on the advancements. Payments are required to be made daily based on 15% and 9% of the Company's daily sales until such time that the remittances are repaid in full.

Aside from the loan payable credit facilities with financial institutions. Accordingly, its financial instruments consist of cash, short-term investments, accounts receivable and accounts payable and accrued liabilities, loan payable and Government loan payable. Unless otherwise noted, the Company does not expect to be exposed to significant interest, currency or credit risks arising from these financial instruments. The Company estimates that the fair value of these financial instruments approximates their carrying values because of their short term nature.

At this time, the Company is not anticipating an ongoing profit from operations in the immediate term, therefore it will be dependent on its ability to obtain equity or debt financing for growth. The Company may need additional capital, and may raise additional funds should the board of directors of the Company (the “Board of Directors”) deem it advisable.

During the current and comparative Periods ended March 31, 2022 and March 31, 2021, the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company’s business plans for the development of its products, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company’s cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products and services. The amounts set out above for use as working capital may be used to offset this anticipated negative operating cash flow.

Critical Accounting Estimates

Application of the Company’s accounting policies in compliance with International Financial Reporting Standards (“IFRS”) requires the Company’s management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made.

Critical Judgments Used in Applying Accounting Policies

In the preparation of the financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

Income taxes and recovery of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. As at December 31, 2021 and 2020, no deferred tax assets were recognized, as it is uncertain when sufficient taxable income will be available to realize the deferred tax assets.

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

Fair Value of Options and Warrants

Estimating fair value for granted stock options and warrants issued requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Sales Refunds

The Company maintains a provision for sales refunds based on historical sales experience.

Going Concern

Significant judgments are used in the Company's assessment of its ability to continue as a going concern.

Useful Life of Property and Equipment and Intellectual Property

Depreciation of property and equipment and intellectual property with finite lives are dependent upon estimates of useful lives and when the asset is available for use, which are determined through the exercise of judgment and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws and technological improvements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

Financial Instruments

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments.

For amounts receivable, subscriptions receivable, accounts payable and accrued liabilities, the amount is deemed to reflect the fair value, due to their short-term nature.

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on 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);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents is level one.

Financial Risk Factors

The Company's business is subject to certain risks, including but not restricted to risks related to: market risk for securities, future financing risks; going-concern risks; global economy risks; use of proceeds risks; volatility of the Company's share price following a listing on a public exchange and the lack of trading history for the Common Shares; increased costs of being a publicly traded company; limited operating history in an evolving industry and history of losses; lack of brand development; expectations with respect to advancement in technologies; currency fluctuations; interest rates; taxes on the Company and its products; liabilities that are uninsured or uninsurable; economic conditions, dependence on management and conflicts of interest; intellectual property rights; attracting and retaining quality employees; key personnel risk; management of growth; product and services development; expansion risk; breach of confidential information; competition within the technology industry; corporate matters; issuance of debt; third party credit; short term investments; shares reserved for issuance; credit risk; liquidity risk; interest rate risk; and described from time to time in the Company's documents filed with Canadian securities regulatory authorities; and other factors beyond the Company's control.

Fair Values

The carrying value of cash and cash equivalents, accounts receivable, sundry receivable, accounts payable and accrued liabilities, loan payable, marketing loan payable and government loan payable approximate their fair values due to the expected short-term maturity of these financial instruments.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate risk).

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivables and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consists of cash at banks as well as money market instruments. The cash has been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote. The Company`s customer base is well diversified with no reliance on any one client. Sundry receivables consist primarily of federal government harmonized sales tax receivable, which management believes is fully collectible.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at March 31, 2022, the Company had a cash and cash equivalents balance of $155,938 (December 31, 2021 - $275,696) to settle current liabilities of $2,128,692 (December 31, 2021 - $1,418,919). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not generate revenue, managing liquidity risk is dependent upon the ability to secure additional financing, controlling expenses, and preserving cash.

Market Risks

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest Rate Risk

The Company has cash balances and regularly monitors its cash management policy. As a result, the Company is not subject to significant interest rate risk.

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar and it transacts major purchases primarily in Canadian dollars. To fund operations, it maintains United States dollar, Canadian dollar and Euro denominated bank accounts containing sufficient funds to support monthly forecasted cash outflows. Management believes the foreign exchange risk derived from currency conversions is minimal, and therefore does not hedge its foreign exchange risk. As at March 31, 2022, a 5% fluctuation in the foreign exchange rate would have an impact of approximately $18,380 in the Company's consolidated statements of loss and comprehensive loss.

Capital Management

The Company manages its capital with the following objectives:

(i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
(ii) To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on a regular basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, and deficit, which at March 31, 2022 totaled a deficiency of $9,487 (December 31, 2021 - $848,347). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Information is provided to the Board of Directors of the Company. The Company is not constrained by externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2022.

Expressed in Canadian Dollars

Related Party Transactions

For the three months ended March 31,	2022 $	2021 $
Remuneration paid for key management	194,139	116,000
Stock based compensation related to key management	31,050	192,218

The Company defines key management as the Company's Directors and Officers of the Company.

As at March 31, 2022, amounts due to key management totaled $52,978 (December 31, 2021 - $21,040) pertaining to amounts payable for key management remuneration, and reimbursement of expenses paid on behalf of the Company. Included in prepaid and sundry receivables is $5,000 (December 31, 2021 - $10,000), pertaining to expense advances.

During the three months ended March 31, 2022 the Company expensed $7,635, (three months ended March 31, 2021 - $11,100) to Marrelli Support Services Inc. and DSA Corporate Services Inc. ("Marrelli Group") and for:

- Robert D.B. Suttie, President of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company;
- Regulatory filing services.
- Corporate secretarial services

The Marrelli Group is also reimbursed for out of pocket expenses.

As of March 31, 2022, the Marrelli Group was owed $16,927 (December 31, 2021 - $21,040). These amounts are included in accounts payable and accrued liabilities.

On January 2, 2017 the Company entered into consulting agreements (the "Consulting Agreements") with two shareholders (collectively the "Consultants") whereby each of the Consultants provide financial, strategic and advisory services to the Company. During the three months ended March 31, 2022, the two consultants who are shareholders of the Company were paid $nil (three months ended March 31, 2021 - $42,150) for additional financial, strategic and advisory services to the Company. As at March 31, 2022, $nil (December 31, 2021 - $nil) was included in accounts payable and accrued liabilities pertaining to these fees. Included in stock-based compensation is $nil (three months ended March 31, 2021 - $33,814) pertaining to the value of stock options granted to the two Consultants during the periods then ended.

During the three months ended March 31, 2022, the Company expensed $46,288 (three months ended

March 31, 2021 - $39,484) for legal services provided by a firm, a partner of which is a director of the Company. As at March 31, 2022, $65,518 (December 31, 2021 - $42,938) was included in accounts payable and accrued liabilities.

During the three months ended March 31, 2022, the Company expensed $79,788 (three months ended March 31, 2021 - $nil) for digital marketing services provided by a firm controlled by an officer of the Company. As at March 31, 2022, $nil (December 31, 2021 - $nil) was included in accounts payable and accrued liabilities in connection with these services.

Expressed in Canadian Dollars

Events Occurring after the Reporting Date

On May 26, 2022, the Company issued a grid promissory note dated May 26, 2022 and amended on August 12, 2022 with an arm's length lender whereby the lender agreed to advance up to $500,000 (in $100,000 increments if and as needed) to the Company. The loan will primarily be used for working capital purposes, taking the form of a promissory note in favour of the Lender, maturing on May 1, 2023. bearing interest at a rate of 8% per annum. The Company has agreed to pay a monthly royalty of 3.5% from net sales for every $100,000 loaned to the Company, subject to a maximum monthly royalty of $10,000 per $100,000. The royalty will exist until the Loan is repaid in full. To date, $300,000 has been drawn from this promissory note.

Subsequent to March 31, 2022, the Company entered into two working capital advances from its e-commerce service provider, receiving upfront advancements totaling $152,500 and $315,000. Under the terms of the agreements, the Company shall remit amounts totaling $167,750 and $355,950 respectively as full repayment for principal and implied interest on the advancements. Payments are required to be made daily based on 15% and 9% of the Company's daily sales until such time that the remittances are repaid in full.

On August 12, 2022, and amended on November 23, 2022,, the Company entered into a revised settlement agreement with respect to the loan payable described in note 7, whereby a structured repayment plan was established, with repayments commencing as follows:

August 31, 2022 (paid subsequent to March 31, 2022)	$ 20,000 USD
September 30, 2022 (paid subsequent to March 31, 2022)	20,000 USD
October 31, 2022 (paid subsequent to March 31, 2022)	20,000 USD
November 30, 2022(paid subsequent to March 31, 2022)	20,000 USD
December 31, 2022	30,000 USD
January 31, 2023	30,000 USD
February 28, 2023	156,717 USD
March 31, 2023	156,717 USD
	$ 453,434 USD

Risks and Uncertainties

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to develop its business. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require new capital to continue to operate its business, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out development of its business or operations.

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company does not have a historical track record of operating upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.
The Company has a strong management team with significant experience in the development of EMR technology. The founder of the Company, Mr. Igor Serov, is well respected in the industry and has won numerous awards for his research and development in the field of EMR technology. Mr. Igor Serov is a valuable asset for management and other development team members. Accountability and oversight of the Company rests with the Board. The Board consists of the ideal mix of technology and capital market expertise so as to drive the value and performance of the Company from both a development standpoint and a shareholder value perspective. The Company will continue to evaluate and potentially expanded its management team to oversee the business development activities of the Company and perform all core functions.

Competitive Conditions

The markets for the Company's products are competitive and rapidly changing, and a number of companies offer products similar to the Company's products and target similar customers. The Company believes its ability to compete depends upon many factors within and outside its control, including the timely development and introduction of new products and product enhancements; product functionality, performance, price and reliability; customer service and support; sales and marketing efforts; and the introduction of new products and services by competitors.

At the global level, there are companies with similar products on the market. Some examples of competitors include: Pong, Sar Shield and Bodywell. However, the Company does not intend to focus on technology or products that other companies use or are developing.

In addition, the Company believes it has a first mover advantage in the equity markets as to the Company's knowledge there are currently no other publicly listed EMR technology companies. However, it is expected that there may be a number of other companies intending to enter into the public markets in the near future.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Current Global Financial Conditions and Trends

Securities of technology companies in public markets have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of Companies in the technology sector are also significantly affected by proposed and newly enacted laws and regulations, currency exchange fluctuation and the political environment in the local, provincial and federal jurisdictions in which the Company does business. The economy remains in a period of volatility, primarily driven by the worldwide impact of Covid-19 and an uncertain socioeconomic and poltical climate in the United States. Significant volatility is expected in the near to mid term, the potential impact of which upon the Company is unknown at this time.

Management's Responsibility for Financial Information

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with Canadian generally accepted accounting principles. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Forward Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws (forward-looking information being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this MD&A. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", "is expected", "anticipates", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases (including negative and grammatical variations), or stating that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this MD&A; market position, ability to compete and future financial or operating performance of the Company after the date of this MD&A; anticipated developments in operations of the Company; the timing and amount of funding required to execute the Company's business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the length of time required to obtain permits, certifications and approvals; the availability of labour; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements, including, without limitation, related to the following: operational risks; regulation and permitting; evolving markets; industry growth; uncertainty of new business models; speed of introduction of products and services to the marketplace; undetected flaws; risks of operation in urban areas; marketing risks; geographical expansion; limited operating history; substantial capital requirements; history of losses; reliance on management and key employees; management of growth; risk associated with foreign operations in other countries; risks associated with acquisitions; electronic communication security risks; insurance coverage; tax risk; currency fluctuations; conflicts of interest; competitive markets; uncertainty and adverse changes in the economy; reliance on components and raw materials; change in technology; quality of products and services; maintenance of technology infrastructure; privacy protection; development costs; product defects; insufficient research and development funding; uncertainty related to exportation; legal proceedings; reliance on business partners; protection of intellectual property rights; infringement by the Company of intellectual property rights; resale of shares; market for securities; dividends; and global financial conditions.

The lists of risk factors set out in this MD&A or in the Company's other public disclosure documents are not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out in this MD&A generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, the global financial and credit markets have experienced significant debt and equity market and commodity price volatility which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securityholders should not place undue reliance on forward-looking statements.

Additional Information

Additional information relating to the Company is available on its website www.airestech.com or on www.sedar.ca