

**Form 51-102F3**  
***Material Change Report***

**Item 1 Name and Address of Company**

SpotLite360 IOT Solutions, Inc. (the “Company”)  
Suite 810 - 789 West Pender Street  
Vancouver, British Columbia V6C 1H2

**Item 2 Date of Material Change**

March 9, 2022 and March 10, 2022

**Item 3 News Release**

A news release was disseminated on March 10, 2022 through Globe Newswire and subsequently filed on SEDAR and posted on the CSE disclosure hall.

**Item 4 Summary of Material Change**

On March 9, 2022, the Company closed the previously announced acquisition of a 51% interest in E3 Service Group (“E3”). As consideration for the acquisition, the Company will pay cash consideration of \$1,000,000 USD (\$500,000 on closing and \$500,000 on the first anniversary) and it has issued 20,000,000 common shares at a price of \$0.20 per common share, which are subject to a concurrent 12-month lock-up whereby the initial 25% of the common shares have been released on closing (subject to a statutory 4 month hold period) with the remaining 75% of the common shares released in equal tranches on the 6th, 9th and 12th month from closing. E3 also has the opportunity to earn up to 3,000,000 warrants to purchase common shares of the Company upon achieving performance-based milestones over the successive 12 months following closing. Each warrant, if granted, is exercisable for a period of 36 months from closing to purchase one additional common share at \$0.20 per common share.

Concurrently with the acquisition of E3, the Company has appointed Shawn Phillips as Senior Vice President of Operations. The Company has also granted 500,000 stock options to Shawn Phillips in accordance with the Company’s stock option plan. Each option is exercisable to acquire one common share in the capital of the Company at the price of \$0.15 per share, being the closing price of the shares on the Canadian Securities Exchange on March 4, 2022 for a period of 10 years from grant.

On March 10, 2022, the Company announced the resignation of Peter Nguyen as a director of the Company.

**Item 5 Full Description of Material Change**

See the attached news release.

**Item 5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

James Greenwell, Chief Executive Officer

Business Telephone: 604-687-2038

Facsimile: 604-687-3141

**Item 9 Date of Report**

March 11, 2022



## SpotLite360 IOT Solutions, Inc. Acquires Majority Interest in E3 Service Group

DENVER and VANCOUVER, March 10, 2022, SPOTLITE360 IOT SOLUTIONS, INC. (“SpotLite360” or the “Company”) (CSE: LITE) (OTC: SPLTF) (Frankfurt: 87A) announces that it has acquired a majority equity interest in E3 Service Group (“E3”). Further to the March 3, 2022 announcement of entering into a binding definitive agreement, the companies have successfully completed the transaction based upon the terms previously outlined in the definitive agreement. E3 will operate as a subsidiary of SpotLite360 and all E3 employees will be retained.

E3 has successfully built an award-winning design, engineering and implementation practice in the agricultural/cannabis environmental space. With 300 plus engineering projects in 13 states, E3 has supported customers and investors with event driven data to ensure that optimal environmental conditions are maintained for indoor cultivation facilities around the world. As a result, E3 customers experience an increase in production, higher quality products, and greater profitability. The integration of the SpotLite360 supply chain technologies and software with the operational capabilities of E3 will create a broader product portfolio capable of capturing additional event driven environmental and facility information along with proof of sustainability, chain of custody and ESG (Environmental, Social and Governance) data.

James Greenwell, President and CEO of SpotLite360 commented, “We are thrilled to forge this strategic relationship with the professionals at E3 who share our vision to deliver a sustainable agricultural supply chain. SpotLite360 looks forward to working together with E3 - shoulder to shoulder – to build a supply chain future in the agriculture industry that delivers process efficiency, supports regulatory and compliance mandates, improves product quality and provides the consumer with the proof of ESG claims that they are now demanding. Our engineering designs and supply chain platform will drive best in class models for optimal agricultural cultivation.”

Consideration for the acquisition of 51% of E3 will be US \$1.0 million cash and 20 million shares of SpotLite360 at CAD \$0.20 per share (the “**Consideration Shares**”). Cash will be paid from company treasury in two equal amounts, with US\$500,000 paid on closing of the transaction and the balance to be paid on or before the one year anniversary of the closing. The Consideration

Shares will be subject to the statutory four (4) month and one (1) day statutory hold period and a concurrent 12-month lock-up whereby the initial 25% of the Consideration Shares will be released on closing (subject to the statutory hold period) with the remaining 75% of the Consideration Shares released in equal tranches on the 6th, 9th and 12th month from closing. E3 also has the opportunity to earn up to 3 million warrants (each a "**Warrant**") to purchase a common share of SpotLite360 upon achieving performance based milestones over the successive 12 months following the closing. Each Warrant, if granted, is exercisable for a period of 36 months from closing to purchase one additional common share at \$0.20 per common share. The shareholders of E3 who are vending the majority interest in E3 to the Company are arm's-length to the Company. E3 has an executed contracts backlog representing gross revenue in excess of CAD \$6,000,000. The revenue from these customer engagements is expected to be fully realized in fiscal year 2022.

Bryson Guyer, Founder E3 Service Group added, "We are delighted to join the SpotLite360 family and we look forward to sharing our expanded industry vision and capabilities with our current and future customers. Our combined staff of engineering and technology expertise will create a new data driven cultivation world."

The Company also announces the addition of Shawn Phillips as Senior Vice President of Operations. Mr. Phillips has a distinguished twenty plus year career in finance and operations. He has served as a C-level executive (CFO, CEO, GM) of a number of companies with national and international operations. His experience includes start-ups, acquisitions, strategy, operations, fund raising and public companies. The Company announces that it has granted an aggregate of 500,000 stock options (each, an "Option") to Mr. Phillips in accordance with the Company's stock option plan. Each Option is exercisable to acquire one common share in the capital of the Company (each a "Share") at the price of \$0.15 per Share, being the closing price of the shares on the Canadian Securities Exchange on March 4, 2022 for a period of ten (10) years from grant. This is a normal-course grant that comprises part of a long-term compensation and retention incentives program provided by the Company. An initial 71,500 Options vest immediately, and the remaining options will vest in five (5) equal tranches every six (6) month period thereafter.

In connection with the closing of the acquisition, the Company will pay a finder's fee of 5% of the value of the consideration, paid in Shares at a deemed value of CAD \$0.20 per Share to an arm's length party.

None of the securities issued in connection with the acquisition of the majority interest in E3 will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and none of them will be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

The Company also announces that the Mr. Peter Nguyen has resigned as a director of the Company as of March 10, 2022.

On behalf of the Board of Directors of the Company,

**SpotLite360 IOT Solutions, Inc.**

*“James Greenwell”*

James Greenwell, President and CEO

For more information about SpotLite360, please visit: <http://spotlite360.com>

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THE CANADIAN SECURITIES EXCH (“CSE”) HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS RELEASE, NOR HAS OR DOES THE CSE’S REGULATION SERVICES PROVIDER.

**About SpotLite360 IOT Solutions, Inc.**

SpotLite360 is a logistics technologies solutions provider unlocking value, opportunities, and efficiencies for all participants in a supply chain. Building upon existing applications of IoT technologies, distributed ledgers, and machine learning, SpotLite360 endeavours to set new standards of transparency, integrity, and sustainability in the pharmaceutical, healthcare, and agriculture industries. As regulators across the globe begin to impose new tracing and accountability requirements for the protection of consumers (e.g., DSCSA and FSMA from the U.S. Food and Drug Administration), the need for reliable, cost-effective, and versatile tracking technology is expected to grow considerably. SpotLite360’s flagship SaaS solution has been engineered to seamlessly track the movement of a product by integrating with systems of all major stakeholders in a supply chain ranging from the raw materials to the hands of the end consumer. With a primary objective of onboarding new clients in 2021, SpotLite360 plans to explore innovative use cases for its proprietary stack of technologies which could transform logistics workflows in some of the world’s largest industries.

**Forward-Looking Statements**

This news release contains “forward-looking information” within the meaning of applicable Canadian securities legislation, with respect to the Company. The forward-looking information included in this news release is not based on historical facts, but rather on the expectations of the

Company's management regarding the future growth of the Resulting Issuer, its results of operations, performance, business prospects, and opportunities. This news release uses words such as "will", "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions to identify forward-looking information. Such forward-looking information reflects the current beliefs of the Company's management, based on information currently available to them.

This forward-looking information includes, among other things, statements relating to: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company; anticipated developments in operations of the Company; market position, ability to compete, and future financial or operating performance of the Company; the timing and amount of funding required to execute the business plans of the Company; capital expenditures of the Company; 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 regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; our expectations regarding revenues, expenses and anticipated cash needs.

In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions, and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and there can be no assurance that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties, and assumptions, prospective investors should not place undue reliance on these forward-looking statements. Whether actual results, performance, or achievements will conform to the expectations and predictions of the Company is subject to a number of known and unknown risks, uncertainties, assumptions, and other factors, including those listed in the Company's non-offering prospectus dated May 26, 2021.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in the forward-looking statements. Information contained in forward-looking statements in this news release is provided as of the date of this news release, and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws. Accordingly, potential investors should not place undue reliance on forward-looking statements, or the information contained in those statements.

**All of the forward-looking information contained in this news release is expressly qualified by the foregoing cautionary statements.**

**Statement Regarding Third-Party Investor Relations Firms**

Disclosures relating to investor relations firms retained by SpotLite360 IOT Solutions, Inc. can be found under the Company's profile on <http://sedar.com>.