SpotLite360 IOT Solutions, Inc.

Management Discussion and Analysis

For the nine months ended September 30, 2022

This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended September 30, 2022, compared to the period ended September 30, 2021. This report prepared as at November 28, 2022 intends to complement and supplement our unaudited condensed interim consolidated financial statements (the "financial statements") as at September 30, 2022 which have been prepared in accordance with International Financial Reporting Standards.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Spotlite360", we mean SpotLite360 IOT Solutions Inc., as it may apply.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Company's business strategy, future plans, projections, objectives, estimates and forecasts and statements as to management's expectations with respect to, among other things, the development of the Company's business. These forward-looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitation include certain transactions; rapid technological change in the industry in which the Company operates; managing growth in a high-tech environment; a highly competitive industry; failure to obtain or maintain required regulatory approvals; possibility of data breaches and inadequacy of consumer protection and data privacy policies; and increased research and development costs and reduced profitability as a result. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including without limitation, the assumptions that any additional financing needed will be available on reasonable terms.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors, the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand and economic and political events affecting supply and demand; and exposure to information systems security threats.

The Company cannot assure you that any of these assumptions will prove to be correct.

The words "expect," "anticipate," "estimate," "may," "will," "should," "intend," "believe," "target," "budget," "plan," "projection" and similar expressions are intended to identify forward-looking statements. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this MD&A and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes.

The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

BACKGROUND

The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 23, 2014. The Company 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. The Company 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 2022, 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

Effective June 4, 2021, the Company changed its name from 1014379 B.C. Ltd. to Spotlite360 Technologies Inc. Effective August 24, 2021, the Company changed its name from Spotlite360 Technologies Inc. to SpotLite360 IOT Solutions Inc. The address of its head office is 810 - 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

HIGHLIGHTS

BUSINESS COMBINATION – E3 SERVICES GROUP LLC.

On March 9, 2022, the Company acquired 51% equity interest in E3 Services Group, LLC ("E3"). E3 is an arm's length engineering firm operating in the agricultural and cannabis industry. The terms of the consideration is described below:

- Cash of US $500,000 upon closing of the transaction (Paid);
- Cash of US $500,000 one year from date of closing. At September 30, 2022, US $269,790 of the US $500,000 has been paid. (Consideration payable);
- Issue 20,000,000 common shares with a fair value of $1,764,968 ("Consideration Shares") (Issued).

The Consideration Shares are subject to a statutory four-month and one day hold period and a concurrent 12-month lock-up whereby the initial 25% of the Consideration Shares will be released on closing 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 3,000,000 warrants (each a "Warrant") to purchase a common share of the Company upon achieving performance-based milestones over the successive 12 months following the closing. Each Warrant is exercisable for a period of 36 months from closing to purchase one additional common share at $0.20 per common share.

In connection with the closing of the acquisition, the Company issued 1,320,525 common shares with a fair value of $184,873 as a finder's fee to an arm's length party, which has been expensed to the statement of loss and comprehensive loss.

The purchase price allocation is still preliminary and subject to change as management has not fully determined the fair values of the net assets acquired. E3 had inputs, as well as substantial processes in place to generate outputs. As a result, the acquisition of E3 constituted a business combination as E3 met the definition of a business under IFRS 3 - Business Combinations.

Purchase price:	**$**
Cash	644,175
Consideration payable	614,920
Consideration shares	1,764,968
Total consideration paid to acquire 51% interest	**3,024,063**
Net assets acquired	
Cash	268,369
Accounts receivable	81,542
Advances	78,509
Prepaids	918,731

Property plant and equipment	355,707
Intangible assets	2,692,410
Right-of-use asset	71,930
Accounts payable	(28,073)
Deferred revenue	(1,767,699)
Lease liability	(71,930)
Net assets acquired	2,599,496
Net assets acquired attributable to the Company	1,325,743
Non-controlling interest	1,273,753
	2,599,496
Goodwill attributable to the Company	1,698,320

The Company determined that E3's business objectives were synergistic with the Company's business plans and objectives. Goodwill consists of certain key individuals and the future economic potential of E3.

During the period ended from March 9, 2022 to September 30, 2022, the Company recorded a net income of $1,392,378 in the Consolidated Statement of Loss and Comprehensive Loss in connection with the financial performance of E3.

BUSINESS COMBINATIONS – RETI CAPITAL CORP. & BACK TO THE DIGITAL, INC.

In November 2022, the Company anounced a contract to provide design services, equipment and technology for a large indoor cannabis cultivation and environmental control operation. This contract represents an expansion of an existing agreement and will exceed $21 million once fully implemented. This implementation is expected to be completed in fiscal year 2023.

On August 25, 2022, the Company announced it acquired a 100% equity interest in Reti Capital Corp. ("RETI"), and in connection thereof, acquired a 100% equity interest in Back to the Digital, Inc. ("BTTD") a Denver, Colorado based digital media company.

Consideration for the acquisition of RETI consisted of 13,250,000 common shares of the Company. Consideration for the acquisition of BTTD consisted of 1,000,000 common shares of the Company and US $50,000 cash. Additionally, BTTD has a twelve-month stock based earn-out based on exceeding certain revenue targets.

BTTD is a nationally recognized producer of data-driven digital content that entertains, engages, interacts and increases revenues across many digital platforms. ImFromDenver.com is one platform used to distribute their produced digital content and has driven best in class consumer engagement numbers. On an average daily basis, this platform has over three hundred thousand unique visitors and frequently over six hundred thousand visitors. In a recent 28 days span the site had over 15 million views. Everyday their website is ranked in the top three highest consumer trafficked sites in Colorado. The acquisition of BTTD will present greater opportunity to scale the supply chain digital twin in SpotLite360's customer base. The BTTD team will also enhance SpotLite360's marketing effort and facilitate a new suite of consumer facing solutions as an integral part of SpotLite360's SaaS based supply chain technology solutions. With consistent revenue growth year over year, BTTD has built and told the story of many companies, products and brands.

RETI also brings a non-exclusive global license with Encapsa Technology Ventures, Inc. ("Encapsa") to the SpotLite360 team within the supply chain arena; the global license will leverage Encapsa's patented data storage technology that uniquely brings together all forms of structured or unstructured data and makes that data searchable and available to all members of the enterprise. Encapsa's unique, novel, and proprietary data storage and data management technology facilitates the uniting of disparate data for consummation and analysis.

On September 23, 2022, the Company completed a non-brokered private placement of 3,500,000 units at a price of $0.10 per share, for gross proceeds of $350,000. Each unit consists of one common share of the Company and one-half of one transferable share purchase warrant (with two half warrants being a "Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.20 per share for a period of two years. In connection with the private placement, the Company paid finder's fees consisting of $10,500 cash commission, and 105,000 finder warrants with the same terms as the Warrants described above.

April 21, 2022, the Company announced a contract to provide design services, equipment and technology for an indoor cannabis cultivation and environmental control operation. The contract value is approximately USD $10 million and is expected to be fully recognized within fiscal year 2022. Implementation has already commenced and the SpotLite360 technology solution will monitor and manage many environmental controls including air flow, humidity, temperature, lighting and process automation. Installed sensors and Internet of Things (IoT) connected devices will provide critical real-time data to efficiently control and monitor environmental conditions and drive process efficiencies.

On April 20, 2022, the Company has granted an aggregate of 3,250,000 restricted share units ("RSUs") under the Company's shareholder-approved restricted share unit plan (the "RSU Plan") to consultants and an officer of the Company. The RSUs vest four months and one day from issuance. The RSUs entitle each holder to acquire one common share ("Share") of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan. In accordance with the RSU Plan, the RSUs were priced at $0.12 based on the closing price of the Shares on the Canadian Securities Exchange ("CSE") on April 20, 2022.

On April 7, 2022, the Company announced that its expansion plans will include the opening of branch offices in multiple U.S. States in order to more effectively support local customer opportunities within those states. With this announcement, offices will be opened in Oklahoma and Arizona in the near future with offices in at least three more states anticipated to be opened within fiscal year 2022. Each office will be scaled as current customer opportunities within these target states materialize into signed engagements with the Company.

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

On February 22, 2022, the Company completed a non-brokered private placement of 17,640,725 units at a price of $0.10 per share, for gross proceeds of $1,764,073. Each unit consists of one common share of the Company and one-half of one transferable share purchase warrant (with two half warrants being a "Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.15 per share for a period of three years. In connection with the Private Placement, the Company paid finder's fees consisting of $85,350 cash commission, 853,800 warrants with the same terms as the Warrants described above.

On March 2, 2022, the Company entered into a binding definitive agreement with E3 pursuant to which the Company will acquire a majority equity interest in E3. The transaction is subject to applicable filings with the Canadian Securities Exchange. Consideration for the acquisition will be USD$1,000,000 cash and 20,000,000 shares of the Company's stock. The Company paid US$500,000 upon closing of the transaction and the remaining US$500,000 will be paid on or before the one-year anniversary of the closing. E3 also has the opportunity to earn up to 3,000,000 warrants (each a "Warrant") to purchase a common share of the Company upon achieving performance-based milestones over the successive 12 months following the closing. Each Warrant is exercisable for a period of 36 months from closing to purchase one additional common share at $0.20 per common share. The acquisition was completed on March 9, 2022.

On November 10, 2021, the Company announced that it has been contracted by E3 Service Group LLC ("E3") to provide professional services relating to the development and integration of technologies including Internet-of-Things ("IoT") sensors as well as corresponding software applications to gather and leverage data collected on a continuous basis. Established in 2012, E3 develops, designs, and builds cannabis cultivation facilities with a focus on optimally configuring heating, ventilation, and air conditioning ("HVAC") infrastructure to create an ideal environment for growing cannabis plants. E3's primary business objective in working with SpotLite360 is to harvest a wide range of data from cultivation facilities through IoT sensors, and incorporate such metrics into supply chain workflows which could be used for making business decisions. Following initial execution of this approach, SpotLite360 and E3 intend to expand the use of IoT sensors into more granular aspects of cannabis cultivation (e.g., irrigation effectiveness, seed performance, etc.).

On October 18, 2021, the Company announced that it has appointed Mr. James Greenwell, SpotLite360's current President, as its new Chief Executive Officer and Dr. Billy Joe Page to the board of directors of SpotLite360. Dr. Page is a hand surgery specialist in Castle Rock, Colorado. He is a board certified and fellowship trained orthopedic hand surgeon practicing at Castle Rock Adventist Hospital. He has over 35 years of experience treating patients with a variety of orthopedic conditions relating to the hand and wrist. Bill has a number of affiliations with professional organizations including the American Osteopathic Academy of Orthopedic Hand Surgery Section and the American Osteopathic Association. The experience that Dr. Page brings to the Company's board will enhance SpotLite360's in-house knowledge of the medical and health industry, which will be beneficial to the Company's development of its SaaS solution offerings in that particular industry. The Company also announces that Mr. Eugene Beukman has resigned as the Company's Chief Executive Officer and Director.

On September 16, 2021, the Company announced that it has entered into a one-year agreement with Denver-based Sewald Hanfling LLC ("Sewald Hanfling") to create and execute business development strategies for the commercialization of the Company's SaaS-based supply chain solution in the healthcare, pharmaceutical, and cannabis categories. Founded in 2012, Sewald Hanfling is a public affairs firm with specialties to include government affairs, lobbying (local/state/federal), and business development. With a primary focus on markets in the state of Colorado, Sewald Hanfling has recognized opportunities for major players in both government and industry to leverage blockchain and Internet-of-Things ("IoT") technologies to unlock new business value, optimize workflows, improve visibility, and facilitate compliance with new and emerging government and regulatory mandates.

On August 24, 2021, the Company's name changed from Spotlite360 Technologies Inc. to SpotLite IOT Solutions Inc.

On July 5, 2021, the Company issued 700,000 restricted shares units of the Company ("RSUs") under the Company's restricted share unit plan (the "RSU Plan") to a related party, as compensation and an incentive to drive the growth of the Company. An initial 70,000 RSUs will vest on the date of shareholder approval, and the remaining six tranches of 105,000 RSUs per tranche will vest every six months over a period of 36 months from June 15, 2021. Once vested, each RSU shall entitle the holder to acquire one common share of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of 5 years.

On April 20, 2021, the Company completed a non-brokered private placement of 10,460,000 units at a price of $0.25 per unit, for gross proceeds of $2,615,000. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder thereof to purchase one additional common share a price of $0.75 per common share for a period of two years. In connection with the private placement, the Company paid finder's fees consisting of $116,100 cash commission, 332,400 warrants (the "Brokers Warrants") and 190,400 shares to arm's-length finders. Each Brokers Warrant is exercisable into one common share at a price of $0.75 per common share for a period of two years.

On February 26, 2021, the Company completed a non-brokered private placement of 2,600,337 common shares at a price of $0.15 per share, for gross proceeds of $390,050. No finder's fees were paid in connection with the Private Placement.

OUTLOOK

Several years ago, after significant research, SpotLite360 identified three target markets for the initial launch of the company: 1.) Healthcare, 2.) Pharmaceuticals, and 3.) Agricultural. All three markets represent significant opportunity to improve supply chain tracing, tracking, visibility, and proof of sustainability. The structural global pressures in these industries have only accelerated in the time since that original research.

1. **Corporations**. Companies are under pressure 1.) internally to be more efficient, profitable, and timely or risk market share and 2.) externally from shareholders and public markets to be sustainable, carbon neutral and show proof of Environmental, Social and Governance (ESG) compliance or risk market relevance and share price. Supply chain management solutions must safely and securely share data across the entire ecosystem. Recent global transportation chaos has highlighted the pressure to the public but internally these pressures exist across the entire supply chain - in addition to transportation.
2. **Markets and Governments**. Regulatory compliance and industry mandates are increasing and companies that are not compliant face significant penalties. The speed of reaction in some cases is near real-time and companies do not

have the luxury of using old outdated systems. Supply chains must evolve with digital transformations and digital twins with completely immutable facts - of chain of custody, origin, date and time stamps, locations, product status/conditions, tamperproof/counterfeit, and proof of origin for all ingredients regardless of where it was sourced globally. Trust is not assumed and must be proven.

3. **Consumers**. Customers make purchasing decisions. Research shows these decisions vary by demographics and current media influences are shaping the priorities of consumer behavior. Where was this sourced/grown/manufactured? Was it sustainably sourced? Are the producers paid a fair wage? Was product properly handled/packaged/hygiene? Are the product claims verified (non-GMO, Gluten free, organic, no animal testing)? Supply chain solutions must capture this data, store this data, share this data, analyze this data, and ultimately present this data to the consumer in a format that can be quickly understood and acted on with a 'go - no go' purchase decision.

With this background, SpotLite360 entered into a licensing agreement with TrackX Holdings, Inc (TSX.V: TRX) in 2021 to leverage their investment in technology. While TrackX had a history of success in other industries, SpotLite360 was able to leverage this as a starting point and become a Canadian Securities Exchange (CSE) listed company in June 2021. The company's first revenue was in Q4 of 2021 and has shown an increase in revenue and EBITDA since that beginning.

2022 has been focused on organic sales traction in the three target markets and strategic acquisitions to increase product innovation, customer reach, management expertise, and addressable markets. In March 2022 SpotLite360 acquired the majority interest in E3 Service Group, in August 2022 acquired RETI Capital Corp. and Back to the Digital.

In the Q1 2022 Earning Press Release (June 3, 2022), Spotlite360 announced an executed contract backlog of over C$12 million of business bookings. As a result, for the first six months of 2022 SpotLite360 has recognized nearly C$10 million in revenue and has posted an Adjusted EBITDA year to date of cash flow positive C$200+ thousand. In this Q2 Financial filing (August 29, 2022) SpotLite360 announced entering the second half of 2022 with an executed contracts backlog of over C$13 million. While the general economic conditions – globally – present some challenges to the company, the company anticipates executing on its plan. In an April 07, 2022, Press Release SpotLite360 announced expansion into multiple states. Year to date three office have been opened in Colorado, Oklahoma, and Arizona with two more anticipated by year end. Each office is staffed with engineering expertise.

SpotLite360 has evolved with customers needs and as such has some visibility into current customer's supply chain roadmaps. While many risks remain, the company is actively pursuing design and engineering for several projects that extend well into 2023. Also given the extended marketplace lead times for equipment, permits, new construction and manpower expertise, companies need to project out to longer horizons. SpotLite360 will endeavor to leverage an in state/local presence and growing number of customer relationships to support our growth - with longer term project management and revenue visibility.

RESULTS OF OPERATIONS

Three months ended September 30, 2022 and 2021

During the three months ended September 30, 2022, the Company recognized revenue of $4,198,988 (2021 - $5,635) and cost of sales of $2,278,593 (2021 - $Nil). The Company reported a net loss of $1,285,789 (2021 - $867,293). The Company incurred amortization of $447,353 (2021 - $106,233), consulting and marketing fees of $169,897 (2021 - $387,225), office expenses of $391,064 (2021 - $41,295), professional fees of $31,041 (2021 - $22,661), salaries of $419,679 (2021 - $103,318), and share-based compensation of $233,427 (2021 - $197,368). The Company also recorded an impairment of intangible assets of $1,463,590. The increase in expenses and revenue was due to the increased activity, mainly as a result of the acquisition of E3 and the impairment of intangible assets.

Some of the significant charges to operations are as follows:

- Revenues increased from $5,635 to $4,198,988 during the three months ended September 30, 2022 compared to September 30, 2021. Revenues increased as a result of revenues generated by E3 subsequent to the acquisition.
- Cost of sales increased from $Nil to $2,278,593 during the three months ended September 30, 2022 compared to September 30, 2021. Cost of sales increased as a result of revenues generated by E3 subsequent to the acquisition.

- Amortization of $447,353 (2021 - $106,233) was recorded as the Company acquired equipment and intangible assets. In the current fiscal period, the Company acquired certain customer relationships, contracts and back log from the acquisition of E3. During 2022 amortization increased as the Company had substantially less assets subject to amortization during 2021.
- Consulting and marketing fees of $169,897 (2021 - $387,225) were charged as the Company engaged consultants to assist in the execution of the Company's business plan. This decreased from 2021 as a result of the acquisition of Captios and the increased operations associated with the new business. As well as from consultants assisting with the resulting transition and development of the new business. The Company also had consultants in 2021 that were replaced by employees in 2022.
- Office expenses of $391,064 (2021 - $41,295) was paid mainly for administration costs, travel, internet and technology costs, and bank charges. This increased in 2022 as the Company increased operations as the result of the Captios and E3 acquisitions.
- Salaries of $419,679 (2021 - $103,318) as the Company hired employees to advance its business operations. The Company had no employees in the first quarter of 2021 and few employees in the third quarter of 2021.
- Share-based compensation of $233,427 (2021 - $197,368). Share-based compensation during 2022 was as a result of the grant of 700,000 restricted stock options on July 5, 2021, 500,000 restricted stock options on April 20, 2022, and the issuance of 500,000 stock options on March 4, 2022. Option and RSU grants in 2022 vest over periods ranging from four to thirty-six months. Share-based compensation during 2021 was as a result of the grant of stock options on June 14, 2021, to consultants to purchase an aggregate of 6,000,000 common shares at an exercise price of $0.25 per common share for up to five years and options to purchase 450,000 common shares at an exercise price of $0.24. The majority of the options granted in 2021 vested upon grant.
- During the period ended September 30, 2022, the Company recorded an impairment of $225,819 as a result of was relinquishing the extension of the right of exclusivity with TrackX in exchange for the forgiveness of the remaining USD$550,000. During the period ended September 30, 2022, the Company also recorded an impairment of $1,237,771 upon determining that the carrying value of the license acquired with RETI was greater than the recoverable amount.

Nine months ended September 30, 2022 and 2021

During the nine months ended September 30, 2022, the Company had revenue of $13,898,974 (2021 - $5,635) and cost of sales of $9,836,091 (2021 - $Nil). The Company reported a net loss of $2,356,623 (2021 - $2,923,742). The Company incurred amortization of $1,109,695 (2021 - $128,455), consulting and marketing fees of $707,000 (2021 - $946,190), office expenses of $798,820 (2021 - $60,367), professional fees of $201,196 (2021 - $233,571), salaries of $1,088,769 (2021 - $118,048), and share-based compensation of $650,577 (2021 - $1,310,373). The Company also recorded an impairment of intangible assets of $1,463,590. The increase in expenses and revenue was due to the increased activity, mainly as a result of the acquisition of Captios in the second quarter of the previous fiscal year and the acquisition of E3 during the current reporting period and the impairment of intangible assets.

Some of the significant charges to operations are as follows:

- Revenues increased from $5,635 to $13,898,974 during the nine months ended September 30, 2022 compared to September 30, 2021. Revenues increased as a result of the acquisition of E3 and the resulting revenues generated subsequent to the acquisition. The design-build and construction management capacity of E3 has enabled E3 to maintain their existing customer base, as well as, attract new customers, subsequent to the acquisition.
- Cost of sales increased from $Nil to $9,836,091 during the three months ended September 30, 2022 compared to September 30, 2021. Cost of sales increased as a result of revenues generated by E3 subsequent to the acquisition.
- Amortization of $1,109,695 (2021 - $128,455) was recorded as the Company acquired equipment and intangible assets in 2021. In the current fiscal period, the Company acquired certain customer relationships, contracts and back log from the acquisition of E3. During 2022 amortization of intangible assets increased as the Company had substantially less assets subject to amortization in 2021.
- Consulting and marketing fees of $707,000 (2021 - $946,190) were charged as the Company engaged consultants to assist in the execution of the Company's business plan. This decreased from 2021 as a result of the acquisition of Captios and the increased operations associated with the new business. As well as from consultants assisting with the resulting transition and development of the new business. The Company also had consultants in 2021 that were replaced by employees in 2022.

- Office expenses of $789,820 (2021 - $60,367) was paid mainly for administration costs, travel, internet and technology costs, and bank charges. This increased in 2022 as the Company increased operations as the result of the Captios and E3 acquisitions.
- Professional fees of $201,196 (2021 - $233,571) decreased as legal and accounting fees were higher in 2021 as a result of the additional accounting and legal costs associated with the acquisition of Captios and the change of operations associated with it.
- Salaries of $1,088,769 (2021 - $118,048) as the Company has hired employees to advance its business operations. The Company had no employees in the first quarter of 2021 and fewer employees in the second quarter of 2021.
- Share-based compensation of $650,577 (2021 - $1,310,373). Share-based compensation during 2022 was as a result of the grant of 700,000 restricted stock options on July 5, 2021, 500,000 restricted stock options on April 20, 2022, and the issuance of 500,000 stock options on March 4, 2022. Option and RSU grants in 2022 vest over periods ranging from four to thirty-six months. Share-based compensation during 2021 was as a result of the grant of stock options on June 14, 2021, to consultants to purchase an aggregate of 6,000,000 common shares at an exercise price of $0.25 per common share for up to five years and options to purchase 450,000 common shares at an exercise price of 450,000. The majority of the options granted in 2021 vested upon grant.
- The Company issued 1,320,525 finder common shares for the acquisition of E3 with a fair value of $184,873.
- During the period ended September 30, 2022, the Company recorded an impairment of $225,819 as a result of was relinquishing the extension of the right of exclusivity with TrackX in exchange for the forgiveness of the remaining USD$550,000. During the period ended September 30, 2022, the Company also recorded an impairment of $1,237,771 upon determining that the carrying value of the license acquired with RETI was greater than the recoverable amount.

Non-IFRS Measures

The accompanying non-IFRS measures do not have any standardized meaning as it relates to performance measures and may not be comparable to other companies or issuer disclosures of similar performance measures. The Company has provided a reconciliation of Adjusted EBITDA to IFRS loss in the following table. Adjusted EBITDA is defined as earnings before interest income, taxes, depreciation and amortization, share-based compensation, and other non-recurring gains and losses. Management believes that adjusted EBITDA is a useful measure that facilitates period to period operating comparisons. Adjusted EBITDA should not be considered a measure superior to IFRS net income (loss).

Adjusted EBITDA	**For the Three Months Ended September 30, 2022**	**For the Three Months Ended September 30, 2021**	**For the Nine Months Ended September 30, 2022**	**For the Nine Months Ended September 30, 2021**
	$	**$**	**$**	**$**
Net loss for the period	(1,285,789)	(883,370)	(2,356,623)	(2,865,985)
Amortization	447,353	106,233	1,109,695	128,455
Interest expense	4,410	310	12,531	1,207
Share-based compensation	233,427	197,368	650,577	1,310,373
Transaction costs	-	-	184,873	-
Adjusted EBITDA	**(600,599)**	**(579,459)**	**(398,947)**	**(1,425,950)**

Cash flow analysis

Operating Activities

During the period ended September 30, 2022 and 2021, cash provided by operating activities was $28,492 and (2021 – cash used in operations of $2,071,176) respectively for activities as described above. The increase in cash used in operating activities was the result of a decrease in net loss as well as an increase in accounts payables. This was offset by an increase in accounts receivable, and inventory and a decrease in deferred revenue during the period ended September 30, 2022.

Investing activities

During the period ended September 30, 2022, cash used in investing activities was $1,464,261. The Company acquired cash of $268,369 from the business combination with E3 and paid $983,139 to acquire a majority stake in E3. The Company acquired cash of $5,748 from the business combination with BTTD and paid $68,500 to acquire 100% of BTTD. The Company also paid $360,769 for the purchase of equipment and $325,970 for internally developed intangible assets. During the period ended September 30, 2021, the Company acquired cash of $111,202 from the business combination with Captios paid $13,121 for the purchase of equipment and $382,230 for licenses.

Financing activities

During the September 30, 2022, the Company received $1,761,098 (2021 - $2,865,559) from financing activities. The amount received from financing activities, comprised of $1,964,833 net received from private placements (2021 - $2,849,300), $145,000 from the exercise of stock options, (2021 - $55,000) and received loans of $37,648 (2021 - $nil). The Company also paid dividends to the non-controlling interest of $334,876 (2021 - $Nil).

SUMMARY OF QUARTERLY RESULTS

	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	$	$	$	$
Revenue	4,198,988	8,705,783	994,203	198,995
Net loss	(1,285,789)	(522,671)	(548,164)	(1,085,935)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.02)

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
	$	$	$	$
Revenue	5,635	Nil	Nil	Nil
Net loss	(867,293)	(2,035,399)	(21,050)	(568,625)
Basic and diluted loss per share	(0.02)	(0.05)	(0.03)	(0.00)

During the three months ended September 30, 2022, the Company recorded a loss of $1,285,789. The overall increase in losses is primarily attributed to the the impairment of intangible assets recorded in Q3.

During the three months ended June 30, 2022, the Company recorded a loss of $522,671. The overall increase in losses is primarily attributed to the increase in operations. Revenues from the acquisition of E3 totaled $8,705,783 and the increase over previous quarters was the result of having a full quarter of E3's operations included.

During the three months ended March 31, 2022, the Company recorded a loss of $548,164. The overall decrease in losses is primarily attributed to the acquisition of E3, which was completed on March 9, 2022. The acquisition of E3 resulted in a net income of $840,373 from March 9, 2022 to March 31, 2022. Revenues from the acquisition of E3 totaled $994,203.

During the three months ended December 31, 2021, the Company recorded a loss of $1,085,935. The increase over prior quarters other than that ending June 30, 2021, was the result of a general increase in operations as the Company increased activities after the acquisition of Captios as well as additional stock-based compensation and amortization. During the three months ended September 30, 2021, the Company recorded a loss of $867,293. The increase over prior quarters other than that ending June 30, 2021, was the result of a general increase in operations as the Company increased activities after the acquisition of Captios. During the three months period ended June 30, 2021 the Company recorded a loss of $2,035,399. The increase during this quarter was the result of increased operations as a result of the acquisition of Captios and share-based compensation of $1,113,005 as a result of the grant of 6,000,000 stock options to consultants. During the three months period ended March 31, 2021 the Company recorded a loss of $21,050 compared to $28,080 for the same quarter during the prior year due to conservative spending.

EQUITY

At September 30, 2022, there were 114,424,851 (December 31, 2021 – 54,813,601) issued and fully paid common shares outstanding.

On November 25, 2022, the Company cancelled 420,000 RSU's held by a related party.
On October 6, 2022, the Company issued 1,000,000 common shares pursuant to the exercise of RSUs.

On September 23, 2022, the Company completed a non-brokered private placement of 3,500,000 units at a price of $0.10 per share, for gross proceeds of $350,000. Each unit consists of one common share of the Company and one-half of one transferable share purchase warrant (with two half warrants being a “Warrant”). Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.20 per share for a period of two years. In connection with the private placement, the Company paid finder’s fees consisting of $10,500 cash commission, and 105,000 finder warrants with the same terms as the Warrants described above.

On August 25, 2022, the Company issued 13,250,000 common shares with a fair value of $1,258,750 pursuant to the acquisition of RETI.

On August 25, 2022, the Company issued 1,000,000 common shares with a fair value of $95,000 pursuant to the acquisition of BTTD.

On March 9, 2022, the Company issued 20,000,000 common shares with a fair value of $1,764,968 pursuant to the acquisition of E3. In conjunction with the acquisition of E3, the Company issued 1,320,525 finder common shares with a fair value of $184,875.

On February 22, 2022, the Company completed a non-brokered private placement of 17,640,725 units at a price of $0.10 per share, for gross proceeds of $1,764,073. Each unit consists of one common share of the Company and one-half of one transferable share purchase warrant (with two half warrants being a “Warrant”). Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.15 per share for a period of three years. In connection with the private placement, the Company paid finder’s fees consisting of $85,380 cash commission, $53,360 in accounting and legal fees and 853,800 finder warrants with the same terms as the Warrants described above. The fair value of the finder warrant was measured using a the Black-Scholes option pricing model with a fair value of $93,829 with the following assumptions: stock price - $0.17; exercise price - $0.15; expected life – 3 years; volatility – 100%; dividend yield – Nil; and risk-free rate – 1.61%.

During the period ended September 30, 2022, the Company issued 2,900,000 common shares pursuant to option exercises for gross proceeds of $145,000. The Company transferred $374,056 from reserves to share capital.

During the year ended December 31, 2021:

On August 27, 2021, the Company issued 1,100,000 common shares pursuant to option exercises for gross proceeds of $55,000.

On June 4, 2021, the Company issued 20,100,000 shares of common stock as part of the acquisition of Captios.

On April 20, 2021, the Company completed a non-brokered private placement of 10,460,000 units at a price of $0.25 per unit, for gross proceeds of $2,615,000. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder thereof to purchase one additional common share a price of $0.75 per common share for a period of two years.

On February 26, 2021, the Company completed a non-brokered private placement of 2,600,337 common shares at a price of $0.15 per share, for gross proceeds of $390,050. No finder’s fees were paid in connection with the private placement.

On September 3, 2020, the Company completed a non-brokered private placement consisting of 4,090,506 common shares at $0.15 per share, for gross proceeds of $613,576. In connection with the private placement, the Company issued 286,335 finder’s fee common shares, to arm’s-length finders, with a fair value of $42,950.

On May 8, 2020, the Company completed a non-brokered private placement consisting of 2,040,000 common shares at $0.025 per share, for gross proceeds of $51,000. In connection with the private placement, the Company paid a cash finder’s fee of $1,455 to PI Financial Corp.

<u>Share Purchase Options</u>

The Company has 6,950,000 stock options outstanding at September 30, 2022 (December 31, 2021 – 9,350,000).

Warrants

The Company has 25,321,563 share purchase warrants outstanding at September 30, 2022 (December 31, 2021 - 10,792,400).

Restricted Stock Units

The Company has 3,950,000 restricted stock units outstanding at September 30, 2022 (December 31, 2021 – 700,000).

LIQUIDITY AND CAPITAL RESOURCES

The consolidated financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

As at September 30, 2022, the Company had working capital of $796,737 (December 31, 2021 – working capital deficit $325,869) which primarily consisted of cash of $675,270 (December 31, 2021 - $268,460), accounts receivable of $733,431 (2021 - $143,584), and prepaid expenses of $499,649 (2021 - $234,934). Current liabilities, being accounts payable and accrued liabilities, deferred revenue, consideration payable, loan payable, lease liability, and software liability of $1,273,929 (December 31, 2021 – $1,029,798).

Cash provided by operating activities were $28,492 compared to cash used of $2,071,176 for the same period in the prior year.

Cash used in investing activities were $1,464,261 compared to $284,149 provided by investing activities for the same period in the prior period. The Company also paid $360,769 for the purchase of equipment and $325,970 for internally developed intangible assets.

During the nine months ended September 30, 2022, the Company acquired cash of $268,369 from the business combination with E3 and paid cash of $983,139 to acquire E3. The Company acquired cash of $5,748 from the business combination with BTTD and paid $68,500 to acquire 100% of BTTD.

During the nine month period ended September 30, 2022, the Company received $1,761,098 (2021 - $2,865,559) from financing activities. The amount received from financing activities, comprised of $1,964,833 net received from private placements (2021 - $2,849,300), $145,000 from the exercise of stock options, (2021 - $55,000) and received loans of $37,648 (2021 - $nil). The Company also paid dividends to the non-controlling interest of $334,876 (2021 - $Nil).

Other than the above-mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has no assets and has no pledges as security for loans, or otherwise and is not subject to any debt covenants.

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as low.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

DIRECTORS AND OFFICERS

The Directors and Executive Officers of the Company are as follows:

Alexander Somjen - Director, member of the audit committee.
Joel Dumaresq - Director, member of the audit committee.
Gene McConnell - Chief Financial Officer, Corporate Secretary
James Greenwell - President, Chief Executive Officer
Billy Joe Page - Director

TRANSACTIONS WITH RELATED PARTIES

The Company considers its related parties to comprise directors, officers, companies controlled by directors and officers and companies with common directors. The key management compensation and fees consist of the following for the period ended September 30, 2022 and 2021:

		September 30, 2022		September 30, 2021
Professional, corporate and interest charged by a company controlled by a former director	$	240,053	$	102,545
Expenses incurred to a company with common management		300,464		-
Management compensation		236,965		136,341
	$	**777,482**	**$**	**238,886**

Included in professional fees are $98,325 (2021 – $70,722) and corporate services $130,304 (2021 - $30,925) for services by a company controlled by a former director of the Company.

At September 30, 2022, the Company owed a principal loan of $nil (December 31, 2021 - $15,000) obtained from a company controlled by a director of the Company to cover ongoing operational expenses. The loan is unsecured, bearing interest at 8% per annum and is due on demand. During the nine months ended September 30, 2022, the Company accrued interest of $295 (2021 - $898).

As at September 30, 2022, there was $66,616 (December 31, 2021 - $117,404) included in accounts payable and accrued liabilities owing to a former officer and director and companies controlled by the former director. The balances are unsecured, payable on demand and non-interest bearing.

At September 30, 2022, the Company had advanced $59,513 (December 31, 2021 - $56,951) to TrackX a related company through common management. The loan was non-interest-bearing and due on demand. The Company had and recorded a software license liability of $Nil (December 31, 2021 - $250,431), and accounts payables and accrued liabilities $753,885 (December 31, 2021 - $469,086) of unpaid amounts owing pursuant to a license agreement. These amounts are non-interest bearing and due on demand.

On March 4, 2022, the Company granted an aggregate of 500,000 stock options to an officer with a fair value of $67,313. Each option is exercisable to acquire one common share of the Company at the price of $0.15 per share for a period of ten years from grant. An initial 71,500 Options vest immediately, and the remaining options will vest in five equal tranches every six month period thereafter.

On April 20, 2022, the Company has granted 500,000 RSUs to a related party of the Company under the Company's RSU Plan. The RSUs vest four months and one day from issuance. The RSUs entitle each holder to acquire one common share of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of 5 years.

On July 5, 2021, the Company issued a related party of the Company 700,000 RSUs of the Company with a fair value of $630,000 under the Company's RSU Plan. An initial 70,000 RSUs will vest on the date of shareholder approval, and the remaining six tranches of 105,000 RSUs per tranche will vest every six months over a period of 36 months from June 15, 2021. Once vested, each RSU shall entitle the holder to acquire one common share of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of 5 years.

PROPOSED TRANSACTIONS

None.

CRITICAL ACCOUNTING ESTIMATES

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed interim consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the determination if acquisitions represent business combinations;
- the determination of the fair value of assets and liabilities acquired in a business combination;
- the determination of functional currencies;
- the recoverability of long-lived assets;
- the estimated useful life of long-lived assets; and
- the fair value of stock-based compensation.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and accounts receivable. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company has funds of $675,270 (December 31, 2021 – $268,460) to satisfy its current financial obligations of $1,273,929 (December 31, 2021 - $1,029,798). The Company will be required to raise additional financing to settle its financial obligations and to continue further execution of its business plan.

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as low.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has assessed its foreign exchange risk as low as at September 30, 2022.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's sensitivity to interest rates is minimal.

Management of capital

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

OUTSTANDING SHARE DATA

As at the date of this MD&A the Company had 115,424,850 common shares issued and outstanding. The Company has 6,950,000 Options outstanding, 25,321,563 warrants outstanding and 2,530,000 restricted share units outstanding.

CONTINGENCIES

The Company is not aware of any contingencies or pending legal proceedings as of September 30, 2022 and as of the date of this report.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

CHANGES IN ACCOUNTING POLICIES

See Note 2 "Basis of Presentation and Significant Accounting Policies" of the audited consolidated financial statements for the year ended December 31, 2021.

CRITICAL ACCOUNTING POLICIES

New accounting standards issued but not yet effective

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.