



SpotLite360 IOT Solutions, Inc.

Management Discussion and Analysis

For the nine months ended September 30, 2023

SpotLite360 IOT Solutions, Inc.

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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 nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. This report prepared as at November 29, 2023 intends to complement and supplement our unaudited condensed interim consolidated financial statements (the "financial statements") as at September 30, 2023 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.

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BACKGROUND

The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 23, 2014. The Company is a 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 endeavors 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 2023, SpotLite360 plans to explore innovative use cases for its proprietary stack of technologies which could transform supply chain visibility and 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 1890 - 1075 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3C9.

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 are described below:

- Cash of US \$500,000 upon closing of the transaction (Paid);
- Cash of US \$500,000 one year from date of closing.;
- Issue 20,000,000 common shares with a fair value of \$1,764,968 ("Consideration Shares") (Issued).

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. 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	267,557
Accounts receivable	81,542
Prepays	918,731
Property plant and equipment	476,820
Intangible assets	2,692,410
Right-of-use asset	71,930
Accounts payable	(71,703)
Deferred revenue	(1,767,699)
Lease liability	(71,930)
Net assets acquired	2,597,658
Net assets acquired attributable to the Company	1,324,806
Non-controlling interest	1,272,852
	2,597,658
Goodwill attributable to the Company	1,699,257

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As reported in the Company's February 22, 2023 news release regarding the termination of the purchase agreement with E3 Service Group ("E3"), more than 20 million shares in the capital of the Company were to be returned to treasury. To date 19,875,000 common shares have been returned to treasury for cancellation. As a result of the termination of the purchase agreement with E3, the Company wrote off the intangible assets and goodwill associated with E3 Service Group as of December 31, 2022.

E3 and SpotLite360 will continue to collaborate on the delivery of both environmental control and tracing and tracking solutions leveraging SpotLite360's SaaS-based solution platform to meet the needs of both existing and future E3 customers.

BUSINESS COMBINATION – CAPTIOS, LLC.

On June 21, 2020, the Company entered into a share exchange agreement (the "Share Exchange Agreement") with Captios, LLC. ("Captios"). Captios is a United States based technology company that provides logistics technologies solutions for all participants in a supply chain. On June 4, 2021, the Company completed the acquisition of all the issued and outstanding ordinary shares in the capital of Captios. As consideration, the Company issued 20,100,000 common shares of the Company.

The acquisition of Captios constituted a business combination as Captios met the definition of a business under IFRS 3 - Business Combinations.

The business of Captios is primarily the Spotlite360 Software, a SaaS-based supply chain execution and sustainability platform for enterprise customers in the pharmaceutical, healthcare, and agricultural industries. By leveraging IoT technologies, blockchain, machine learning and analytics, the Spotlite360 Software is uniquely positioned to meet customer needs for supply chain execution, tracing, tracking, and sustainability. The Spotlite360 Software is owned by and operated through Spotlite360 Inc., a wholly owned subsidiary of Captios.

In connection with the acquisition, Mr. Peter Nguyen resigned as the Chief Financial Officer and Corporate Secretary of the Company; Mr. Gene McConnell, the CFO of Captios was appointed the new CFO of the Company; and Mr. James Greenwell was appointed as the Company's President. The primary business objective for the Company over the next 12 months is to develop Captios' business.

On December 12, 2022, the Company announced that James Greenwell resigned as President and CEO of the Company. He was replaced as President and CEO by Tim Harvie.

On August 25, 2022, the Company announced it acquired a 100% equity interest in Reti Capital Corp. ("RETI"). Consideration for the acquisition of RETI consisted of 13,250,000 common shares of the Company.

RETI did not constitute a business but 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. This capability is an integral component of the SpotLite360 platform as the Company delivers product origin, chain of custody, authenticity, proof of ESG claims and other pertinent data to supply chain partners and to the consumer.

On January 20, 2023, the Company closed an offering of 5,000,000 units of the Company (the "Offer Units") at a price of \$0.10 per Offer Unit for gross proceeds of \$500,000. Each Offer Unit consisted of one common share and of one common share purchase warrant, exercisable to purchase an additional common share for a period of two years from closing at a price of \$0.12. In connection with the private placement, the Company issued 120,000 finder warrants with the same terms as the warrants described above.

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

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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 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 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 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 board certified and fellowship trained orthopedic hand surgeon practicing at Castle Rock Adventist Hospital. 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 healthcare industry, which will be beneficial to the Company's development of its SaaS solution offerings in that particular industry. The Company also announced that Mr. Eugene Beukman has resigned as the Company's Chief Executive Officer and Director.

On August 24, 2021, the Company's name changed from SpotLite360 Technologies Inc. to SpotLite IOT Solutions Inc.

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.) Agriculture. 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.

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All of these factors in today's economic environment are driving larger enterprises to adopt enterprise-scalable supply chain solutions to help improve supply chain collaboration, increase product visibility, drive operational efficiency, support sustainability initiatives, and respond to consumer demand for proof of ESG claims. SpotLite360 will focus its energy, resources, and capital on enhancing its capabilities and delivering repeatable, high margin, SaaS-based supply chain solutions to support supply chain initiatives by customers in healthcare, pharmaceutical and agriculture. Over the past quarter, the Company has expanded its solution with additional integration to new sensor technologies, improved business process workflows and enhanced its mobile applications to easily extend access to field workers and to consumers.

The Company will continue to seek ways to better broadcast its innovative message to its target markets, creating additional visibility to the Company and its solution value. It has a growing partner network, which it intends to leverage more effectively to 1) expand its geographical presence; 2) enhance its delivery capacity; 3) continually evolve its technology capabilities and 4) extend its sales and marketing efforts.

Over the past quarter, the Company has continued to validate its presence within its core target markets. In the healthcare space, the Company has identified multiple opportunities to track instrument trays, surgical equipment, and medical devices for large healthcare systems and their respective suppliers. In agriculture, the Company has been approached to track produce from the farm, through the distributor, and to the consumer at retail locations. In the pharmaceutical industry, opportunities have emerged to track the origin, chain of custody and authenticity of controlled medicines throughout the entire supply chain. While it has taken longer than anticipated to close on these opportunities, much progress has been made and the Company fully expects to execute on existing pipeline opportunities over subsequent quarters.

Given its limited sales and marketing resources, the Company has made the strategic decision to focus on more collaborative relationships with its core industry and solution partners. The Company expects that these efforts will result in partner reseller and services agreements, through which the Company will be able to leverage its partners' sales and marketing capabilities, and expand its partners' respective solution offerings to generate additional opportunities within both existing and new customers. From this, the Company anticipates recognizing additional SaaS and services revenue. The Company cautions that until these opportunities are secured, there are no assurances or guarantees that these efforts will result in additional SaaS or services revenue.

In late 2022, the Company made the strategic decision to terminate the purchase agreement with E3 Service Group ("E3"). In Q3 and beyond, the Company will no longer focus on the capital intensive, low margin facility design and build contracts that this partnership represented. It will focus only on the delivery of SaaS-based supply chain solutions which are repeatable, partner friendly, require less capital to implement and represent high margin revenue. While this represents a short-term setback in revenue, getting back to the core business strategy upon which the Company was conceived will provide the Company with the focus and foundation necessary to achieve its growth objectives. E3 and SpotLite360 will continue to collaborate on the delivery of both environmental control and tracing and tracking solutions leveraging SpotLite360's SaaS-based solution platform to meet the needs of both existing and future E3 customers.

RESULTS OF OPERATIONS

Nine months ended September 30, 2023 and 2022

During the nine months ended September 30, 2023, the Company had revenue of \$Nil (2022 - \$47,367), reported net income from continuing operations of \$204,479 (2022 - net loss of \$4,219,373). The Company incurred consulting and marketing fees of \$256,217 (2022 - \$583,963), filing and corporate service fees of \$70,322 (2022 - \$156,642), office expenses of \$109,964 (2022 - \$119,395), and professional fees of \$167,632 (2022 - \$201,194), share-based compensation of \$Nil (2022 - \$650,577). The Company also recorded a gain on the loss of control of subsidiary of \$660,938 and a gain on settlement of debt of \$412,820 during the period ended September 30, 2023, and transaction costs of \$184,875 during the period ended September 30, 2022. The decrease in expenses was due to the increased activity during the comparative period, mainly as a result of the acquisition of E3.

Some of the significant charges to operations are as follows:

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- Amortization of \$4,136 (2022 - \$439,270) was recorded for equipment and intangible assets. During 2023 amortization of intangible assets decreased as the Company had recorded an impairment of its intangible assets at December 31, 2022.
- Consulting and marketing fees of \$256,217 (2022 - \$583,963) were charged as the Company engaged consultants to assist in the execution of the Company's business plan. Fees were higher in 2022 as a result of the acquisition of E3 and incorporating the new business during the comparative period.
- Office expenses of \$109,964 (2022 - \$119,395) was paid mainly for administration costs, travel, internet and technology costs, and bank charges. Costs were comparable between the two periods.
- Professional fees of \$167,632 (2022 - \$201,194) increased as legal and accounting fees were higher in 2022 as a result of the additional accounting and legal costs associated with the acquisition of E3.
- Salaries of \$213,897 (2022 - \$367,228) as the Company has hired employees to advance its business operations. Salaries decreased in 2023 as the Company had fewer employees in 2023 than in 2022.
- Share-based compensation of \$Nil (2022 - \$650,577). Share-based compensation during 2022 was as a result of the grant of restricted stock options and the issuance of stock options in prior periods. No options or RSUs were granted in 2023.
- During the nine months ended September 30, 2023, the Company lost control of E3. As a result of the loss of control and deconsolidation, the Company recorded a gain of \$660,938.
- During the nine months ended September 30, 2023, the Company the Company entered into a settlement agreement with E3. As a result of the settlement of outstanding liabilities owed to E3, the Company recorded a gain of \$412,820.
- During the nine months ended September 30, 2023, the Company incurred transaction costs of \$184,875 during the period ended September 30, 2022 as part of the acquisition of E3.

In addition, as a result of the loss of control of E3, the Company has recorded a gain of \$1,862,750 in 2022 relating to E3's operations. E3's operations are presented as discontinued operations for the nine months ended September 30, 2022 as the Company lost control of E3 in early January 2023. No discontinued operations were recorded for 2023.

Three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, the Company had revenue of \$Nil (2022 - \$36,321), reported net loss from continuing operations of \$194,030 (2022 - \$1,871,087). The Company incurred consulting and marketing fees of \$64,625 (2022 - \$79,628), filing fees of \$13,711 (2022 - \$27,865), office expenses of \$27,735 (2022 - \$27,567), and professional fees of \$12,652 (2022 - \$32,952), share-based compensation of \$Nil (2022 - \$233,427). The decrease in expenses was due to the increased activity during the comparative period, mainly as a result of the acquisition of E3.

Some of the significant charges to operations are as follows:

- Consulting and marketing fees of \$64,625 (2022 - \$79,628) were charged as the Company engaged consultants to assist in the execution of the Company's business plan. Fees increased in 2022 as a result of the acquisition of E3 and the incorporation of the new business during the comparative period.
- Office expenses of \$27,735 (2022 - \$27,567) was paid mainly for administration costs, travel, internet and technology costs, and bank charges. Costs were comparable between the two periods.
- Professional fees of \$12,652 (2022 - \$32,952) increased as legal and accounting fees were higher in 2022 as a result of the additional accounting and legal costs incurred for acquisition transactions.
- Salaries of \$66,702 (2022 - \$19,986) as the Company has hired employees to advance its business operations. Salaries increased in 2023 as the Company had additional employees expenses that were classified as discontinued operations in 2022.
- Share-based compensation of \$Nil (2022 - \$233,427). Share-based compensation during 2022 was as a result of the grant of 700,000 restricted stock options on July 5, 2021, and the issuance of 500,000 stock options on March 4, 2022. No options or RSUs were granted in 2023.

In addition, as a result of the loss of control of E3, the Company has recorded a gain of \$585,298 in 2022 relating to E3's operations. E3's operations are presented as discontinued operations for the nine months ended September 30, 2022 as the Company lost control of E3 in early January 2023. No discontinued operations were recorded for 2023.

Non-IFRS Measures

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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).

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Adjusted EBITDA	\$	\$	\$	\$
Net income (loss) from continuing operations for the period	(194,250)	(1,871,087)	204,479	(4,219,373)
Amortization	1,374	-	4,136	439,270
Interest expense	-	9,077	-	12,531
Share-based compensation	-	233,427	-	650,577
Adjusted EBITDA	(192,876)	(1,628,583)	208,615	(3,116,995)

Cash flow analysis

Operating Activities

During the nine months ended September 30, 2023 and 2022, cash used by operating activities was \$520,302 and (2022 – cash provided \$28,492) respectively for activities as described above. The decrease in cash used in operating activities was the result an increase in deferred revenue and inventory during 2022 as well as an increase in accounts payable in 2023.

Investing activities

During the nine months ended September 30, 2023, cash used in investing activities was \$169,701 resulting from cash disposed of as a result of a loss of control of E3. 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. During the period ended September 30, 2022, the Company also paid \$360,769 to purchase equipment and \$325,970 to develop intangible assets.

Financing activities

During the nine months ended September 30, 2023 and 2022, the Company received \$500,000 (2022 - \$1,761,098) from financing activities. The amount received from financing activities, comprised of \$500,000 net received from private placements (2022 - \$1,964,833), \$Nil from the exercise of stock options, (2022 - \$145,000) and \$1,348 (2022 - \$17,338) to repay a note payable. During the period ended September 30, 2022, the Company also paid \$34,169 of lease payments, and \$334,876 of dividends to non-controlling interest.

SUMMARY OF QUARTERLY RESULTS

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
	\$	\$	\$	\$
Revenue	-	-	-	-
Net income (loss)	(194,250)	(300,256)	689,985	(10,800,238)
Basic and diluted income (loss) per share	(0.00)	(0.00)	0.01	(0.09)

	September 30, 2022 \$	June 30, 2022 \$	March 31, 2022 \$	December 31, 2021 \$
Revenue	-	11,303	-	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)

During the three months ended September 30, 2023, the Company recorded a loss of \$194,250. The overall decrease in loss and loss per share over other quarters is primarily attributed to a decrease in operations.

During the three months ended June 30, 2023, the Company recorded a loss of \$300,256. The overall decrease in loss and loss per share over other quarters is primarily attributed to a decrease in operations.

During the three months ended March 31, 2023, the Company recorded income of \$689,985. The overall increase in income and income per share over other quarters is primarily attributed to the recording a gain on the loss of control of E3 and a gain on the settlement of debt.

During the three months ended December 31, 2022, the Company recorded a loss of \$10,800,238. The overall increase in losses and loss per share is primarily attributed to the impairment of intangible assets and goodwill recorded in Q4.

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 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 from the acquisition of E3.

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.

EQUITY

At September 30, 2023, there were 101,939,817 (December 31, 2022 – 116,077,975) issued and fully paid common shares outstanding.

Share Purchase Options

The Company has 6,000,000 stock options outstanding at September 30, 2023 (December 31, 2022 – 6,950,000).

Warrants

The Company has 16,649,163 share purchase warrants outstanding at September 30, 2023 (December 31, 2022 - 25,321,563).

Restricted Stock Units

The Company has 2,250,000 restricted stock units outstanding at September 30, 2023 (December 31, 2022 – 2,250,000).

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, 2023, the Company had a working capital deficit of \$802,473 (December 31, 2022 – \$2,691,795) which primarily consisted of cash of \$4,427 (December 31, 2022 - \$24,609), accounts receivable of \$Nil (2022 - \$323), and prepaid expenses of \$15,392 (2022 - \$200). Current liabilities, being accounts payable and accrued liabilities, disposal group liabilities, consideration payable, loan payable, and lease liability of \$1,018,226 (December 31, 2022 – \$2,913,209).

Cash used in operating activities were \$520,302 compared to cash provided by \$28,492 for the same period in the prior year.

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Cash used in investing activities were \$169,701 compared to \$1,496,261 used by investing activities for the same period in the prior period. In 2023, the Company used \$169,701 resulting from cash disposed of as a result of a loss of control of E3. 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. During the period ended September 30, 2022, the Company also paid \$360,769 to purchase equipment and \$325,970 to develop intangible assets.

During the nine months ended September 30, 2023, the Company received \$498,652 (2022 - \$1,761,098) from financing activities. The amount received from financing activities, comprised of \$500,000 net received from private placements (2022 - \$1,964,833), \$Nil from the exercise of stock options, (2022 - \$145,000). During the period ended September 30, 2022, the Company also paid \$34,169 of lease payments, \$334,876 of dividends to non-controlling interest and \$17,338 to repay a note payable.

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:

Billy Joe Page	- Director, member of the audit committee.
Gene McConnell	- Director, member of the audit committee, Chief Financial Officer, Corporate Secretary
Timothy Harvie	- President, Chief Executive Officer (appointed December 7, 2022)
Eddie Shek	- Director

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

James Greenwell	- Former President and Chief Executive Officer (resigned December 2, 2022)
Shawn Phillips	- Former Senior Vice President of Operations (resigned December 21, 2022)

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 periods ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Expenses incurred to a company with common management	\$ -	\$ 300,464
Management compensation	385,442	236,965
	\$ 385,442	\$ 537,429

As at September 30, 2023, there was \$526,206 (December 31, 2022 - \$339,382) included in accounts payable and accrued liabilities owing to related parties. The balances are unsecured, payable on demand and non-interest bearing.

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At September 30, 2023, the Company had advanced \$94,534 (December 31, 2022 - \$94,702) to TrackX a related company through common management. The loan was non-interest-bearing and due on demand. 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 the President and CEO 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.

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

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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 \$4,427 (December 31, 2022 – \$24,609) to satisfy its current financial obligations of \$1,018,226 (December 31, 2022 - \$2,913,209). 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, 2023.

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 101,939,817 common shares issued and outstanding. The Company has 6,000,000 Options outstanding, 16,649,163 warrants outstanding and 2,250,000 restricted share units outstanding.

CONTINGENCIES

The Company is not aware of any contingencies or pending legal proceedings as of September 30, 2023 and as of the date of this report other than a claim for \$30,337.

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

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See Note 2 “Basis of Presentation and Significant Accounting Policies” of the audited consolidated financial statements for the year ended December 31, 2022.

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.