

151 Bloor Street West
Suite 713
Toronto, Ontario
M5S 1S4
Tel:416.792.9088
www.iotintl.com



MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended July 31, 2018

Effective Date: September 28, 2018

The following Management Discussion & Analysis ("MD&A") of Internet of Things Inc. ("the Company" or "ITT Inc.") financial condition and results of operations, prepared as of September 28, 2018, should be read in conjunction with the Company's Condensed Consolidated Interim Financial Statements and accompanying notes for the three-months period ended July 31, 2018, which have been prepared in accordance with International Financial Reporting Standards are incorporated by reference herein and form an integral part of this MD&A. All dollar amounts are in Canadian Dollars unless stated otherwise. These documents can be found on the SEDAR website www.sedar.com.

Our MD&A is intended to enable readers to gain an understanding of ITT Inc.'s current results and financial position. To do so, we provide information and analysis comparing the results of operations and financial position for the current year to those of the preceding year. We also provide analysis and commentary that we believe is required to assess the Company's future prospects. Accordingly, certain sections of this report contain forward-looking statements that are based on current plans and expectations. These forward-looking statements are affected by risks and uncertainties that are discussed in this document and that could have a material impact on future prospects. Readers are cautioned that actual results could vary.

Cautions Regarding Forward-Looking Statements

This MD&A contains certain forward-looking statements, which reflect management's expectations regarding the Company's results of operations, performance, growth, and business prospects and opportunities.

Statements about the Company's future plans and intentions, results, levels of activity, performance, goals or achievements or other future events constitute forward-looking statements. Wherever possible, words such as "may," "will," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including: general economic and market segment conditions, competitor activity, product capability and acceptance, international risk and currency

exchange rates and technology changes. More detailed assessment of the risks that could cause actual results to materially differ than current expectations is contained in the "Quantitative and Qualitative Disclosures of Market Risk" section of this MD&A.

Summary Description of Internet of Things Inc.

Internet of Things Inc. ("the Company" or "ITT Inc.") is a strategic investor and operator of emerging technology companies with innovative technology solutions. The Company creates value through its portfolio companies' expertise in internet of things (IoT), artificial intelligence (AI) and Blockchain solutions, by turning data into actionable intelligence to drive more efficiency into organizations.

The Company has two operational business units including Weather Telematics Inc. ("Weather Telematics" or "WTX"), and New Hope IoT Intl Inc. ("the JV"). Weather Telematics is a data science company offering real-time advanced artificial intelligence based predictive road condition weather analytics for safer, connected and autonomous transportation. The JV, in partnership with New Hope Data Technology Co., Ltd. a New Hope Group (collectively "New Hope") affiliated and invested company, is focused on bringing industrial internet of things solutions to manufacturing facilities across China. The Company has formed strategic relationships with key government and industry organizations, establishing a strong presence with its internet of things solutions and predictive analytics capabilities in order to turn big data into actionable intelligence.

The head office, principal address and registered and records office of the Company are located at 151 Bloor Street West, Suite 703, Toronto, Ontario, Canada, M5S 1S4.

ITT Inc. has undertaken a business transition which began to gather momentum only during the second quarter of 2018 when the Company transitioned from being a software and solutions provider to the internet of things market, to a strategic investor and operator of emerging technology companies with innovative internet of things, artificial intelligence, and blockchain solutions. With this transition, management is pleased to acknowledge this quarter as the inaugural period where the Company has commenced to earn revenue.

Since inception, the Company has incurred losses amounting to \$11,187,015. During the three-month period, the Company reported a net comprehensive loss of \$187,189 (2017 – \$207,191). As at July 31, 2018, the Company had working capital of \$464,878 (2017 working capital deficiency - \$848,945). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its acquisitions or obtaining new debt or equity financings. All of these outcomes are uncertain and cast significant doubt over the ability of the Company to continue as a going concern.

Operational Highlights***Weather Telematics Inc.***

On June 1, 2018, the Company completed the acquisition of Weather Telematics Inc (“WTX Inc.”), a data science company offering real-time advanced artificial intelligence based predictive road condition weather analytics for safer, connected and autonomous transportation. Internet of Things Inc. acquired 100% of the issued and outstanding shares of WTX Inc. for \$2.53 million on the following terms:

- (i) \$230,000 in cash paid at closing
- (ii) \$300,000 in cash payable on the 6-month anniversary post-closing
- (iii) 20,833,332 company’s treasury shares priced at \$0.0963, with 50% or 10,416,666 shares to be released over three years in three equal tranches of 3,472,222 shares on the 12th month, 24th month and 36th month anniversaries post-closing. The 50% balance or 10,416,666 shares to be released on WTX Inc. achieving \$8.2 million minimum net sales target over 36 months with pro rata releases every six months

In addition, the Company agreed to pay success fee in cash at the amount of \$48,000 and in shares priced at \$0.0963 for 799,585 common shares.

New Hope IoT Intl. Inc.

- advanced the Proof of Concept (PoC) with Augury, an Internet of Things technology start-up based in the United States and Israel, which has developed a predictive-maintenance solution.
- secured a channel agreement with a leading Israeli machine learning and computer vision company that provides sensing solution to the smart building industry. The JV is currently in discussions with a leading US\$100+ billion Chinese conglomerate with subsidiaries in insurance, banking, and financial services to deploy the sensing solution.
- signed a cooperation agreement with an Israeli cold chain monitoring and tracking company. The JV will initially target pharmaceutical and frozen food supply chain customers to utilize the cold chain logistics solution.
- since the closing of Weather Telematics, management has been working to leverage its unique data and technology by integrating it into its manufacturing-process-optimization platform

- during April 2018, Michael Agam provided his resignation as CEO of New Hope IoT Intl Inc. He will remain on as a strategic consultant to the Company while management searches for a permanent replacement.
- Chandler Qian has joined the JV as interim CEO.
- the JV will be broadening its scope to become an investment center for industrial internet of things solutions. The JV is currently working with its stakeholders to define the criteria, mandates and funding for this investment strategy. The JV continues to expand the development of its offerings, relationships with technology providers and its application for the market in China.

For the period ended July 31, 2018, there are no liabilities associated with New Hope IoT Intl. Inc. joint venture.

Market Trends

Internet of Things Inc. believes that the global market trends in Internet of Things adoption are strong and will continue to grow at a rapid pace as the potential to streamline and deliver greater time and cost savings to a broad spectrum of enterprise tasks is proliferating.

Cisco predicts the global Internet of Things market will be \$14.4 Trillion by 2022, including reducing the time-to-market (\$3T), improving supply chain and logistics (\$2.7T), cost reduction strategies (\$2.5T) and increasing employee productivity (\$2.5T). Cisco also found that 50% of IoT activity today is in manufacturing, transformation, smart cities and consumer markets.

ABI Research forecasts that IoT-related value-added services will grow from \$50B in 2012 to \$120B in 2018, attaining a 15.71% CAGR in the forecast period, while the worldwide revenue opportunity for IoT in manufacturing will grow from \$472B in 2014 to \$913B in 2018, attaining a 17.93% CAGR. Growth has been very rapid in these market segments, and represents particularly strong opportunities for the Company moving forward.

IoT benefits manufacturers by collecting data from sensors, and communicating those data to factory floor workers, plant managers, software systems and many aspects of the supply chain.

Furthermore, according to BI Intelligence, software and services will be a \$600B market by 2019, attaining a 44% CAGR from 2015 to 2019. The World Economic Forum notes that the number of connected devices is projected to grow from 22.9B in 2016 to 50.1B by 2020, attaining a 21.62% CAGR in four years.

Internet of Things Inc. is uniquely positioned to take advantage of the market opportunity as a strategic investor and operator of emerging technology companies with innovative technology solutions. Although the market outlook remains positive, there can be no assurance that this trend will continue or that the Company will benefit from this trend.

Results of Operation

The following is a breakdown of company overall operational highlights for the quarter ended July 31, 2018:

	ITT	WTX	Total
Revenue	\$ -	\$ 63,714	\$ 63,714
Expenses	154,929	95,974	250,903
Net Income (Loss)	\$ (154,929)	\$ (32,260)	\$ (187,189)

Revenues

ITT Inc. commenced sales of its innovative technology products in June 2018 after WTX acquisition and recorded revenues of \$63,714 for the two months period from June 1 to July 31, 2018 (2017- \$Nil). Revenues consisted of the sale of predictive road-weather analytics data, software, & hardware.

General and administrative expenses

The Company's general and administrative expenses increased from \$97,008 in 2017 to \$183,983 in 2018. This 89% increase in general and administrative expenses is due to the acquisition of WTX and consolidation of its operation in ITT Inc.

Management fees

Management fee for the quarter ended July 31, 2018 was \$49,000 compared to \$27,000 in 2017. The increase is due to an addition of chief operating officer to the management team of ITT Inc.

Professional and consulting fees

The Company's professional and consulting fees increased from \$54,742 in 2017 to \$71,413 in 2018 for the six-month period. The increase is due to the additional legal service related to WTX acquisition.

Amortization expenses – intangible

The amortization expenses of intangible were \$Nil for the quarter compared to \$19,204 in 2017. The intangible was written off for the year ended January 31, 2018. There is no further amortization for the intangibles

Net Loss for the period

The Company experienced a net loss from operations of \$188,212 for the three months ended July 31, 2018 compared to a net loss of \$ 178,527 for the comparable three months July 31, 2017.

Summary of Quarterly Results

	Q3-17	Q4-17	Q1-18	Q2-18
Revenue	\$ -	\$ -	\$ -	\$ 63,714
Expenses	152,873	713,978	285,441	251,926
Total Comprehensive Loss	(192,831)	(722,408)	(285,397)	(187,189)
Loss per Share - Basic and Diluted	(0.00)	(0.01)	(0.00)	\$(0.00)
Total Assets	\$ 818,227	\$ 1,753,965	\$ 1,664,042	\$ 2,825,167

	Q3-16	Q4-16	Q1-17	Q2-17
Revenue	\$ -	\$ -	\$ -	\$ -
Expenses	124,408	1,538,355	111,440	178,527
Total Comprehensive Loss	(177,955)	(1,777,924)	(171,725)	(207,191)
Loss per Share - Basic and Diluted	(0.00)	(0.01)	(0.00)	(0.00)
Total Assets	\$ 891,968	\$ 839,208	\$ 907,263	\$ 880,581

General Financial Condition

As of July 31, 2018 ITT Inc., had working capital of \$464,878 compared to a working capital of \$1,181,913, as at April 30, 2018. The Company had cash on hand as at July 31, 2018 of \$536,496 (April 30, 2018: \$919,205) and relies on operating cash flow from sales of software and hardware, and future equity and/or debt financings to fund its operations.

Liquidity and Capital Resources

As of July 31, 2018, the Company had a working capital \$464,878 as compared to working capital deficiency of \$848,945 in 2017.

The Company plans on raising additional working capital through an equity private placement financing or a convertible debt financing, as the capital markets permit, in an effort to finance its growth plans and expansion into new international markets. The Company has been successful in raising sufficient working capital in the past.

Since inception, the Company has incurred losses amounting to \$11,187,015. During the period, the Company reported a net loss of \$188,212 (2017 – \$178,527). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its current acquisition and change of business, the continuing financial support of shareholders or other investors, or obtaining new financing on commercial terms acceptable to the Company. All of

these outcomes are uncertain and cast significant doubt over the ability of the Company to continue as a going concern.

Property and Equipment

Cost, February 1, 2017	\$	-
Addition		3,350
Cost, July 31, 2017		<u>3,350</u>
Addition		1,262
Cost, January 31, 2018		<u>4,612</u>
Addition		4,800
Cost, July 31, 2018	\$	<u>9,412</u>
Accumulated depreciation, February 1, 2017	\$	-
Charge for the period		207
Accumulated depreciation, July 31, 2017		<u>207</u>
Charge for the period		449
Accumulated depreciation, January 31,		<u>656</u>
Charge for the period		613
Accumulated depreciation, July 31, 2018	\$	<u>1,269</u>
Net book value, February 1, 2017	\$	-
Net book value, July 31, 2017	\$	3,143
Net book value, January 31, 2018	\$	3,956
Net book value, July 31, 2018	\$	8,143

Related Party Balances and Transactions

During the 3-month period, the Company incurred management fees to related parties in the amount of \$9,000 (2017 - \$27,000), \$15,000 (2017 - \$15,000) paid to the CEO, \$12,000 (2017 - \$12,000) paid to the CFO, and \$22,000 (2017 - \$nil) paid to the COO.

The Company was charged \$11,747 (2017 – \$8,365) by a corporation with director and officer in common for rent, administration, office charges and telecommunications.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Disclosure of Outstanding Share Data

As of September 28, 2018, the following are outstanding:

Common Shares – 196,624,557
Warrants – 31,975,600
Stock Options – 14,550,000

Business Risk and Uncertainties

We are subject to a number of risks and uncertainties that can significantly affect our business, financial condition and future financial performance, as described below. In particular, there remain significant uncertainties in capital markets impacting the availability of equity financing. While these uncertainties in capital markets do not have a direct impact on our ability to carry out our business, the Company may be impacted should it become more difficult to gain access to capital when and if needed. These risks and uncertainties are not necessarily the only risks the Company faces. Additional risks and uncertainties that are presently unknown to the Company may adversely affect our business.

Limited Operating History

Internet of Things Inc. has a limited operating history and has limited material revenues derived from operations. ITT Inc. may not be able to achieve profitability or continue operations on an ongoing basis. As well, the Company has encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including challenges in accurate financial planning and forecasting.

Problems Resulting from Rapid Growth

Internet of Things Inc. will be pursuing a plan to market its platform throughout Canada, the United States and abroad, and will require capital in order to meet these growth plans. There can be no assurances that proceeds from the ITT Inc. Financing will enable the Company to meet these growth needs. Internet of Things Inc. expects to require significant working capital and other financial resources to implement its plan for rapid growth, including attracting and retaining qualified personnel. No assurance exists that the plan will be successful and this may have a material adverse consequence on the business of ITT Inc.

Growth of E-Commerce

The business of selling goods and services over the Internet is dynamic and relatively new. Concerns about fraud, privacy and other challenges may discourage consumers and customers from adopting the Internet as a medium of commerce.

Liquidity and Capital Requirements

Internet of Things Inc. faces significant challenges in order to achieve profitability. There can be no assurance that it will be able to maintain adequate liquidity or achieve long-term viability. ITT Inc.'s ability to meet its obligations in the ordinary course of business is dependent upon management's ability to establish profitable operations or raise capital, as needed, through public, or private debt or equity financing, or other sources of financing to fund operations.

The disruption of the capital markets and/or a decline in economic conditions, amongst other factors, could negatively impact the Company's ability to achieve profitability or raise additional capital when needed. In order to optimize the growth of the business, ITT Inc. may need to seek to raise additional debt or equity financing. There can be no assurance that the Company will be able to identify a source of such financing, or that such financing will be available on acceptable terms, if at all. Moreover, should the opportunity to raise additional capital arise, any additional debt or equity financing could result in significant dilution of the existing holders of ITT Inc. Shares.

Acquisitions or Other Business Transactions

Internet of Things Inc. may, when and if opportunities arise, acquire other products, technologies or businesses that are complementary to its business. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies and products of the acquired companies, the diversion of management's attention from other business concerns, risks associated with entering new markets or conducting operations in industry segments in which ITT Inc. has no or limited experience, and the potential loss of key employees of the acquired company. Moreover, there can be no assurances that any anticipated benefits of an acquisition will be realized. Future acquisitions by the Company. could result in potentially dilutive issuances of equity securities, the use of cash, the incurrence of debt and contingent liabilities, and write-off of acquired research and development costs, all of which could materially adversely affect ITT Inc.'s financial condition, results of operations and cash flows.

Retention or Maintenance of Key Personnel

Although Internet of Things Inc.'s management has made efforts to align the interests of key employees with ITT Inc. by, among other things, granting equity interests in ITT Inc. to its operations personnel with vesting schedules tied to continued employment, there is no assurance that the Company can attract or retain key personnel in a timely manner as the need arises. Failure to have adequate personnel may materially compromise the ability of ITT Inc. to operate its business.

Conflicts of Interest

Internet of Things Inc. may contract with affiliated parties, members of management of ITT Inc., or companies owned or controlled by members of ITT Inc.'s management. These parties or persons may obtain compensation and other benefits in transactions relating to ITT Inc.

Certain members of management of the Company. have other business activities in addition to the business of ITT Inc., although each such member of management is contracted to devote the substantial majority of his or her working time to the Company. Despite management's intention to act fairly, it is possible that the Company could inadvertently enter into arrangements with related parties that feature less favourable terms than could have been obtained from unrelated parties.

Proprietary Rights Could Be Subject to Suits or Claims

No assurance exists that Internet of Things Inc. or any company with which it conducts business can or will be successful in pursuing protection of the Company's proprietary rights such as business names, logos, marks, ideas, inventions, copyrights in photos and other visual works, and technology. In many cases, governmental registrations may not be available or advisable, considering legalities and expense, and even if registrations are obtained, adverse claims or litigation could occur.

Subsequent Events

JV Enters into Channel Agreement

On August 14, 2018, ITT Inc's joint venture, New Hope IoT Intl, entered into a channel agreement with PointGrab Ltd. to market, sell and service its products in China. Leveraging its innovative sensing technology platform, *CogniPoint*TM, PointGrab is poised to pioneer the next generation of office workspace optimization solutions.

WTX Secures European Patent

On September 5, 2018, ITT Inc's wholly-owned subsidiary, Weather Telematics Inc., was granted a patent from the European Patent Office for the mobile collection, analysis, and processing of meteorological data, originally filed in 2015. The patent of Weather Telematics' existing hardware and software solutions enables the collection of granular data, in addition to providing the ability to license and protect its technology.

Approval

The Directors of Internet of Things Inc. have approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.