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INTERNET OF THINGS INC.

Form 51 – 102 F1

Management Discussion & Analysis

For the Three Months Ended October 31, 2019

December 30, 2019

Notice to Reader

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 December 30, 2019, should be read in conjunction with the Company's Consolidated Financial Statements and accompanying Notes for the periods ended October 31, 2019 and 2018, which have been prepared in accordance with International Financial Reporting Standards and 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 period to those of the preceding comparable twelve-month period. We also provide analysis and commentary that we believe is required to assess the Company's 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 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 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 IoT, artificial intelligence (AI) solutions and Blockchain solutions. It operates data-driven industrial IoT companies that deliver significant benefit to the verticals they serve.

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 IoT solutions to manufacturing facilities across China. The Company has formed strategic relationships with key government and industry organizations, establishing a strong presence with its IoT solutions and predictive analytics capabilities in order to turn big data into actionable intelligence. The Company’s joint venture with BrainGrid Limited was terminated in 2017.

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. continues to execute on its strategy of being a strategic operator of emerging technology companies with innovative big data and industrial AI solutions.

Going Concern

Since inception, the Company has incurred losses amounting to \$13,684,712. During the three months period, ITT Inc. reported a net comprehensive loss of \$508,374 (2018 – \$368,680). As at October 31, 2019, the Company had working capital deficit of \$852,741 (2018 – working capital of \$117,194). The ability of the ITT Inc. to continue as a going concern is dependent upon generating profitable operations from its acquisitions and operations or obtaining equity and/or debt financings. All of these outcomes are uncertain and cast significant doubt over the ability of the Company to continue as a going concern.

Weather Telematics Inc. Acquisition

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. ITT Inc. acquired 100% of the issued and outstanding shares of WTX Inc. 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 of the Company’s treasury shares, 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.

The total consideration was estimated as \$1,225,075, of which \$628,286 was allocated as intangibles and \$821,492 was goodwill.

In addition, the Company paid a finder's fee in the amount of \$48,000 in cash and in shares priced at \$0.0963 representing 799,585 common shares.

Since ITT Inc. completed the acquisition of WTX Inc., it has been granted a patent from the European Patent Office for the mobile collection, analysis and processing meteorological data, originally filed in 2015. The patent of WTX Inc.'s existing hardware and software solutions enables the collection of granular data, in addition to providing the ability to license and protect its technology. WTX Inc. uses an AI (artificial intelligence) system, a proprietary mobile sensor network and a data fusion platform to generate its information. WTX Inc. has developed a unique set of meteorological data (based on hundreds of millions of miles of road weather data) that enables the company to make real-time hyperlocal road condition predictions.

Subsequent to the closing date of acquisition, ITT Inc. and the vendors of WTX Inc. agreed to amend the payment schedule and the \$300,000 previously due on December 1, 2018 will now be paid, net of working capital adjustment. 50% was paid on December 1, 2018, 20% was paid on March 1, 2019 and balance of 30% has been paid in June 4, 2019. In August 2019, the Company paid out \$10,000 contingent fund withheld previously.

WTX Inc. has been actively introducing new solutions into the marketplace, entering into multiple proof-of-concepts, and securing an agreement with a global automotive Tier 1 supplier:

- *Predictiv RC* is the advanced "micro-scale" road conditions platform with resolution ranging from 500 metres to below 200 metres. The platform improves the ability of vehicles and drivers to manage and mitigate the risks associated with drive in poor weather conditions.
- *Predictiv SA API* combines road weather conditions and road weather hazards into one consolidated road safety "score". The driver only receives the *Predictiv SA Safety Alert* when the "score" exceeds minimum risk thresholds which helps minimize driver distraction.
- For connected and autonomous vehicle OEMs ad Tier 1 suppliers, WTX's *Predictiv RC* and new *Predictiv SA* help manage adverse road conditions for safer driving, while predicting road weather conditions ahead of the vehicle to mitigate risk and ensure sager route selection.
- The Company is actively exploring opportunities to extend the predictive AI platform to provide additional real time predictive solutions in real time for OEM clients and other industrial and logistic customers.

New Hope IoT Intl. Inc.

The JV has deployed FreePoint's ShiftWorx platform to three production machines in a New Hope Group facility in its China chemicals division. The system is currently gathering data and analyzing output in order to measure real-time production flows and assess inventory management. The platform will help manufacturers improve efficiencies in their operations and reduce unnecessary downtime. The successful pilot will enable broad deployment throughout the New Hope Group network of companies.

In March 2019, the JV appointed Mr. Li Hui Wen as Chief Executive Officer. Mr. Li has more than twenty years of experience successfully delivering technological solutions to large organizations. He held positions of increasing responsibility at IBM before transferring to Bank of Montreal where he, most recently, was Senior Technology Officer and Solution Architect. Mr. Li holds master's degree in both Engineering and Computer Science from the university of Western Ontario.

For the three-month period ended October 31, 2019, there has been no financial activity within New Hope IoT Int'l. Inc. JV.

Results of Operation

The following is a breakdown of company overall operational highlights for the three months period ended October 31, 2019:

	ITT	WTX	Total
Revenue	\$ -	\$ 57,275	\$57,257
Expenses	356,289	175,738	532,027
Other Expenses	22,475	11,147	33,622
Net Comprehensive Loss	\$ (378,764)	\$ (129,610)	\$ (508,374)

Revenues

ITT Inc. commenced sales in June 2018 after the WTX Inc. acquisition and recorded revenues of \$57,275 for the three months period ended October 31, 2019 (2018 - \$82,452). Revenues consisted of the sale of predictive road-weather analytics data, software and hardware. Revenues for the quarter reduced due to continued renegotiations of the contract.

General and administrative expenses

The Company's general and administrative expenses reduced from \$269,027 in 2018 to \$156,214 in 2019. This reduction in general and administrative expenses is due to the decrease in expenditure on investor relations, public company fee and travel expense.

Management fees

Management fees for the three months period ended October 31, 2019 were \$52,000 compared to \$42,500 in 2018. The increase is due to the expansion of ITT Inc.'s executive management team.

Direct cost

The Company records all expenses related to its services as direct costs, including data purchase costs, sales commission expenses and hosting fees. The Company's direct cost was \$29,647 for the three months period ended October 31, 2019 compared to \$21,768 in 2018.

Professional and consulting fees

The Company's professional and consulting fees increased from \$102,030 in 2018 to \$247,933 in 2019 for the three months period ended October 31, 2019. The increase is due to the additional consulting services provided for business development and increased audit and valuation costs.

Share-based payments

The Company amortizes share-based payments with a corresponding increase to the contributed surplus account. During the period, the Company recorded an expense of \$15,227 compared to \$41,956 during 2018. This is related to the stock options vested during the period.

Amortization expenses – intangible

The amortization expenses of intangible assets were \$30,640 for the three months period compared to \$nil in 2018.

Net loss for the three months period

The Company experienced a net loss from operations before accretion, interest expense, changes in fair values, gain on investments and debt and income tax recovery of \$323,398 for the three-month period ended October 31, 2019, compared to \$395,271 for the three months period ended October 31, 2018.

Summary of Quarterly Results

	Q4-19	Q1-20	Q2-20	Q3-20
Revenue	\$ 76,191	\$ 160,310	\$ 94,329	\$ 57,275
Expenses	1,361,324	446,971	369,938	532,027
Total Comprehensive Loss	(888,009)	(285,585)	(375,238)	(508,374)
Loss per Share - Basic and Diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	\$ 1,914,607	\$ 1,660,724	\$ 1,383,449	\$ 1,238,912
	Q4-18	Q1-19	Q2-19	Q3-19
Revenue	\$ -	\$ -	\$ 63,714	\$ 82,452
Expenses	713,978	285,441	251,926	477,723
Total Comprehensive Loss	(888,720)	(285,397)	(187,189)	(368,680)
Loss per Share - Basic and Diluted	(0.01)	(0.00)	(0.00)	(0.00)
Total Assets	\$ 1,753,965	\$ 1,664,042	\$ 2,825,167	\$ 2,479,563

During the third quarter, the Company recorded revenue of \$57,275, expenses of \$532,027, and total comprehensive loss of \$508,374.

General Financial Condition

As of October 31, 2019, ITT Inc., had working capital deficit of \$852,742 compared to working capital of \$117,194, as at October 31, 2018. The Company had cash on hand as at October 31, 2019 of \$47,189 (2018 - \$445,046) and relies on operating cash flow from sales of software and hardware, and future equity and/or debt financing(s) to fund its operations.

Liquidity and Capital Resources

As of October 31, 2019, the Company had working capital deficit of \$852,742 as compared to working capital of \$117,194 in 2018.

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 markets. The Company has been successful in raising sufficient working capital in the past.

Since inception, the Company has incurred losses amounting to \$13,684,712. During the three months period, the Company reported a net loss of \$474,752 (2018 – \$395,271). The ability of the ITT Inc. to continue as a going concern is dependent upon generating profitable operations from its acquisitions and operations or obtaining equity and/or debt financings. All of these outcomes are uncertain and cast significant doubt over the ability of the Company to continue as a going concern.

Related Party Balances and Transactions

As at October 31, 2019, the Company incurred management fees to related parties in the amount of \$52,000 (2018 - \$42,500) and consulting fees to related parties in the amount of \$51,778 (2018 - \$62,500), of which \$40,000 paid to the CEO (2018 - \$5,000), \$12,000 paid to the CFO (2018 - \$12,000), \$Nil was paid to the COO (2018 - \$25,500). \$52,000 management fees and \$51,778 consulting fee were included in accounts payable and accrued liabilities.

The Company was charged \$2,700 (2018 - \$7142) for rent, administration, office charges and telecommunications by a corporation with director and officer in common

Off Balance Sheet Arrangements

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

Disclosure of Outstanding Share Data

As of December 30, 2019, the following are outstanding:

Common Shares – 206,429,696
Warrants – 25,575,602
Stock Options – 8,950,000

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

The Company has a limited operating history and has limited revenues derived from its operations. The Company 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

The Company will be pursuing a plan to market its solutions and platform throughout Canada, the USA and abroad, and will require capital in order to meet these growth plans. There can be no assurances that proceeds from the Company's financings will enable the Company to meet these growth needs. The Company 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 the Company.

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

The Company 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. The Company'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, the Company may need 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 the Company's common shares.

Acquisitions or Other Business Transactions

The Company 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 the Company has no or limited experience, and the potential loss of key employees of the investee companies. 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 the Company's financial condition, results of operations and cash flows.

Retention or Maintenance of Key Personnel

Although the Company's management has made efforts to align the interests of key employees by, among other things, granting equity interests in the Company 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 the Company to operate its business.

Conflicts of Interest

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

Certain members of management of the Company have other business activities in addition to the business of the Company, 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 the Company 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.

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.