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Internet of Things

MANAGEMENT DISCUSSION & ANALYSIS

For the Three-Months Ended July 31, 2016

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 27, 2016, should be read in conjunction with the Company's Condensed Consolidated Interim Financial Statements and accompanying notes for the period ended July 31, 2016 and 2015, 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.

General Overview of Internet of Things Inc.

Internet of Things Inc. ("the Company" or "ITT Inc.") was incorporated on September 27, 1994 as a Junior Capital Pool Company under the rules of the Alberta Securities Act and under the Business Corporations Act (Alberta). The Company had no significant assets other than cash and proposed to identify and evaluate potential acquisitions or businesses with a view to completing a Change of Business Transaction, as defined in NEX Policy 8.

On May 14, 2015 the Company received approval to transfer its listing from the NEX to the TSX Venture Exchange ("TSX-V") following the closing of the Change of Business Transaction between the Company and Double Door Communications Inc. ("Double Door"). In conjunction with the Change of Business (COB), the Company raised a total of $525,000 in a private placement financing as a convertible debenture and the shares of the Company were listed as a Tier 2 issuer on the TSX-V.

The COB involved the acquisition of all of the issued and outstanding common shares of Double Door by the Company. As consideration, the Company issued an aggregate of 15,000,000 common shares to the former shareholders of Double Door, of which 5,000,000 common shares are subject to a performance escrow agreement between the vendors and the Company.

Concurrently with the closing of the COB, the Company completed a convertible debenture financing of $525,000 (the "Convertible Debentures"). The Convertible Debentures have a maturity date of two (2) years from the date of issuance and pay interest at the rate of 12% per year, calculated and payable quarterly in arrears. All amounts owing under the Convertible Debentures are secured by a fixed and floating charge against the assets of the Company.

Concurrent with the closing of the COB, Double Door is now a wholly-owned subsidiary of the Company. The Company continued under the Business Corporations Act (Ontario) ("OBCA") and changed its name to Internet of Things Inc. Upon the continuance becoming effective, the Articles of Continuance of the Company under the OBCA replaced the Articles of the Company under Alberta legislation, which among other things implemented By-law No. 1 as the general by-law of the Company. Further details can be found in the management information circular for the Company's shareholder meeting held on January 13, 2015, which is filed under the Company's profile at www.sedar.com.

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.

Since inception, the Company has incurred losses amounting to $7,827,054. During the period, the Company reported a net comprehensive loss of $147,016 (2015 –$131,689). As at July 31, 2016, the Company had working capital deficiency of $251,540 (2015 working capital $83,108). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its 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.

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.

According to a December, 2013, survey by the American Society for Quality, only 13 per cent of the manufacturers surveyed claimed to have implemented smart manufacturing within their organization. Of those organizations, 82 per cent said they have experienced increased efficiency.

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 an IoT technology accelerator and industry acquisition company, focused on accelerating IoT-based technology companies, and the development and implementation of disruptive IoT-based 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.

Three Months Ended July 31, 2016 compared to Three Months Ended July 31, 2015

The Company experienced a net loss from operations of $147,016 for the three months ended July 31, 2016 compared to a net loss of $131,689 for the comparable three months ended June 30, 2015.

Acquisition

On April 30, 2015 the Internet of Things Inc. acquired Double Door Communications Inc. ("Double Door") through the purchase all of the issued and outstanding shares in Double Door. On closing, the Company issued 10,000,000 shares of Internet of Things Inc. In addition, the Company committed to issue a maximum of 5,000,000 additional shares based on achievement of certain revenue targets.

Recent Developments

BrainGrid Joint Venture

On December 15, 2015, the Company and BrainGrid Corporation ("BrainGrid") a designer, manufacturer, and marketer of advanced digital communication devices and software systems that enable the Internet of Things, have entered into a joint venture agreement. The joint venture company, BrainGrid Solutions Ltd. ("BrainGrid Solutions" or the "JV Company") will market, sell and distribute BrainGrid's flagship product, the 'Sentroller' and related BrainGrid IoT technology applications. The BrainGrid JV enhances the technology and platform acquired through the Double Door acquisition and allows the Company to focus exclusively on the IoT marketplace.

BrainGrid Solutions effectively enables clients a way to manage system devices by reducing costs, saving time, increasing reliability, scalability and overall system performance through advanced wireless monitoring and control. Initial markets include China, Taiwan and Hong Kong, while the JV Company continues to evaluate, negotiate and develop other international markets across a wide array of applications and verticals.

BrainGrid Solutions is owned equally by both parties and shall have a license to use BrainGrid's current and future developed intellectual property, including without limitation, API's, source code, data (derived from customers of BrainGrid Solutions), data analytics, patents and trademarks. The JV Company is also the exclusive partner/distributor for any current and future products, applications and services utilizing BrainGrid's intellectual property in markets such as China, Taiwan, Hong Kong as well as any other markets that the parties may agree upon.

Internet of Things Inc. is acquiring a minority equity position in BrainGrid for $500,000 as an initial investment with an option to increase its interest over the next 6 months. The Company has agreed to issue 15.5 million warrants to BrainGrid as it directs, with each warrant exercisable into a common share at an exercise price of $0.05 per share of Internet of Things Inc. for a period of 60 months. Any common shares issued pursuant to the exercise of the warrants shall be subject to resale restrictions during the first 24 months, with 5% of the shares being available for resale on a monthly basis following expiration of the four month hold period.

In addition, the Company will be issuing 900,000 warrants to an arm's length party as a finder's fee, each warrant exercisable into a common share at an exercise price of $0.05 per share for a period of 60 months. Any shares issued pursuant to the exercise of these warrants will be subject to the same resale restrictions as govern the warrants issued to Braingrid.

For the period ended July 31, 2016, there has been no activity within the joint venture.

Liquidity and Capital Resources

As of July 31, 2016, the Company had a working capital deficiency of $251,540 as compared to a working capital of $83,108 in 2015.

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 $7,827,054. During the period, the Company reported a net loss of $147,016 (2015 – net loss of $131,689). 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.

Intangibles

On April 30, 2015 the Company acquired all of the issued and outstanding common shares of Double Door. The fair value of Double Door’s software technology was valued at $393,338 on the date of the acquisition. The software is being amortized on a straight line basis over 5 years.

Cost: February 1, 2015	$	393,338
Accumulated amortization:		
Charge for the period		59,000
Accumulated depreciation, January 31, 2016	$	59,000
Charge for the period		39,712
Accumulated depreciation, July 31, 2016	**$**	**98,712**
Net book value, July 31, 2015	**$**	**393,338**
Net book value, January 31, 2016	**$**	**334,338**
Net book value, July 31, 2016	**$**	**294,626**

Convertible Debenture Financings

On April 30, 2015, the Company completed a Convertible Debenture, Series A, financing for gross proceeds of $525,000. The financing is comprised of the issuance of convertible debentures which have a maturity date of two years from the date of issuance and pay interest at the rate of 12% per year, calculated and payable quarterly in arrears. All amounts owing under the convertible debentures are secured by a fixed and floating charge against the assets of Internet of Things Inc. The debentures are convertible to units comprised of one common share and one common share purchase warrant. Each warrant is convertible into a common share at an exercise price of $0.075. The conversion price is $0.05 per unit for the first 12 months and $0.10 until maturity. At the time of issuance, the equity portion of this convertible debt issuance was valued at $76,577.

On January 5, 2016, the Company completed a Convertible Debenture, Series B and Series C, financing for gross proceeds of $551,000. The financing is similarly comprised of the issuance of convertible debentures which have a maturity date of two years from the date of issuance and pay interest at the rate of 12% per year, calculated and payable quarterly in arrears. All amounts owing under the Convertible Debentures are secured by a fixed and floating charge against the assets of the Company. For Series B of the issuance of the debentures, the conversion price is $0.05 per unit for the first 12 months and $0.10 until maturity. For Series C of the issuance of the dentures, the conversion price is $0.10 per unit until maturity. The debentures are convertible to units comprised of one common share and one common share purchase warrant. Each warrant is convertible into a common share at an exercise price of $0.125. At the time of issuance, the equity portion of this convertible debt issuance was valued at $124,197.

The Company has incurred accretion expense of $23,421 during the period relating to the two debenture issuances.

Share Capital

On April 30, 2015 the Company completed a private placement financing of $525,000 of Convertible Debentures, Series A. In connection with the financing, the Company paid cash finder fees of $500 and issued 20,000 finder warrants (a “Finder Warrant”) which are convertible into units for a period of two years at an exercise price of $0.05 per unit, with each unit comprised of one common share and one warrant. Each warrant convertible into a common share for a period of two years at an exercise price of $0.075 per share.

On November 18, 2015, $70,000 of the Convertible Debentures, Series A, were converted to 1,400,000 common shares and 1,400,000 warrants.

On December 10, 2015, $10,000 of the Convertible Debentures, Series A, were converted to 200,000 common shares and 200,000 warrants.

Related Party Balances and Transactions

During the period, the Company had the following transactions with related parties, made in the normal course of operations, and accounted for at an amount of consideration established and agreed to by the Company and related parties.

The Company incurred management fees in the amount of $27,000 (2015 - $Nil), $15,000 payables to its President & CEO and $12,000 payables to its CFO are deferred and included in current liabilities.

The Company was charged $3,000 (2015-$Nil) to a corporation with director and officer in common for rent, administration, office charges and telecommunications.

Operating Results

Summary of Quarterly Results

	Q3-15	Q4-15	Q1-16	Q2-16
Revenue	$ -	$ -	$ -	$ -
Expenses	117,378	480,388	130,788	93,470
Total Comprehensive Loss	(133,258)	(530,183)	(181,296)	(147,016)
Loss per Share - Basic and Diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	$ 884,928	$ 992,722	$ 961,995	$ 899,737

	Q3-14	Q4-14	Q1-15	Q2-15
Revenue	$ -	$ -	$ -	$ 16,572
Expenses	33,068	101,311	85,789	132,382
Total Comprehensive Loss	(33,068)	(101,31)	(85,789)	(132,382)
Loss per Share - Basic and Diluted	($0.00)	($0.00)	($0.00)	($0.00)
Total Assets	$ 14,594	$ -	$ -	$ 920,931

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Disclosure of Outstanding Share Data

As of September 27, 2016, the following are outstanding:

Common Shares – 152,677,557
Warrants – 2,520,000
Stock Options – 13,600,000
First Preferred Shares - Nil
Second Preferred Shares – Nil

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 no 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 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.

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.