

**Internet of Things Inc.**

**Condensed Consolidated Interim Financial Statements**

**For the three months period ended April 30, 2018**

**Internet of Things Inc.**

Condensed Consolidated Interim Financial Statements  
As at April 30, 2018

**Notice to Reader**

Management has compiled the Condensed Consolidated Interim Financial Statements of Internet of Things Inc. consisting of the Statement of Financial Position as at April 30, 2018 and the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the three months then ended. All amounts are stated in Canadian Dollars. An accounting firm has not reviewed or audited these condensed consolidated interim financial statements.

# **Internet of Things Inc.**

Condensed Consolidated Interim Financial Statements

As at April 30, 2018

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# Internet of Things Inc.

Condensed Consolidated Interim Statements of Financial Position  
(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

## Statements of Financial Position

	April 30, 2018	January 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 919,205	\$ 1,216,328
Prepaid and sundry assets	407,386	199,993
	<b>1,326,591</b>	<b>1,416,321</b>
<b>Non-current assets</b>		
Property and equipment (Note 5)	3,763	3,956
Software technology (Note 6)	-	-
Investments – BrainGrid (Note 7)	333,688	333,688
	<b>\$ 1,664,042</b>	<b>\$ 1,753,965</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 12)	\$ 144,678	\$ 331,454
Convertible debenture (Note 9)	-	-
	<b>144,678</b>	<b>331,454</b>
<b>Equity</b>		
Share capital (Note 10)	10,198,742	9,473,309
Contributed surplus (Notes 10 and 11)	369,897	392,744
Warrants reserve	1,950,551	2,270,887
Deficit	(10,999,826)	(10,714,429)
	<b>\$ 1,579,364</b>	<b>\$ 1,422,511</b>
	<b>\$ 1,664,042</b>	<b>\$ 1,753,965</b>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

Approved by the Board

*/s/ Michael Frank*

Director

*/s/ Millard Roth*

Director

## Internet of Things Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss  
For the three months period ended April 30, 2018, and 2017  
(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

For the Three Months Period Ended April 30	2018	2017
<b>Revenue</b>	\$ -	\$ -
<b>Expenses</b>		
Management fees (Note 12)	37,000	27,000
Professional and consulting fees	59,950	19,596
General and administrative expenses	98,298	40,575
Joint venture cost (Note 8)	90,000	-
Share-based payments (Note 11)	-	4,402
Amortization – intangible (Note 6)	-	19,829
Depreciation – property and equipment (Note 5)	193	38
	<b>285,441</b>	<b>111,440</b>
<b>Loss from operations before accretion, interest expense and income taxes</b>	<b>(285,441)</b>	<b>(111,440)</b>
Accretion expense (Note 9)	-	26,943
Interest expense and bank charges (Note 8 and 9)	(44)	33,342
<b>Net comprehensive loss for the period before income taxes</b>	<b>(285,397)</b>	<b>(171,725)</b>
<b>Net comprehensive loss for the period</b>	<b>\$ (285,397)</b>	<b>\$ (171,725)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares - basic and diluted</b>	<b>191,004,557</b>	<b>153,192,543</b>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

## Internet of Things Inc.

Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended April 30, 2018 and 2017

(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

	Issued Share Capital		Contributed Surplus	Warrant Reserve	Deficit	Total
	Number of Shares	Amount				
<b>Balance as at February 1, 2017</b>	<b>152,677,557</b>	<b>\$ 6,894,979</b>	<b>\$ 493,090</b>	<b>\$ 88,595</b>	<b>\$ (7,498,742)</b>	<b>\$ (22,078)</b>
Warrants Issued	-	(425,365)	-	425,365	-	-
Warrants Exercised	1,500,000	146,040	-	(33,540)	-	112,500
Stock Option Exercised	950,000	76,745	(29,245)	-	-	47,500
Issued shares – convertible debenture	6,050,000	605,000	-	-	-	605,000
Share-based payments charged to operations	-	-	4,402	-	-	4,402
Loss for the period	-	-	-	-	(171,725)	(171,725)
<b>Balance as at April 30, 2017</b>	<b>161,677,557</b>	<b>\$ 7,297,399</b>	<b>\$ 536,473</b>	<b>\$ 1,527,420</b>	<b>\$ (9,425,687)</b>	<b>\$ (64,395)</b>
Issued shares – private placement	23,000,000	2,300,000	-	-	-	2,300,000
Issued shares – convertible debenture	3,910,000	391,000	-	-	-	391,100
Equity portion of convertible debt	-	200,774	(200,774)	-	-	-
Issued shares – finders' shares	487,000	48,700	-	-	-	48,700
Share issuance cost	-	(219,450)	-	-	-	(219,450)
Warrants exercised	500,000	62,235	-	(24,735)	-	37,500
Stock options exercised	1,930,000	161,368	(64,868)	-	-	96,500
Warrants issued - private placement	-	(417,127)	-	417,127	-	-
Warrants issued - convertible conversion	-	(261,334)	-	261,334	-	-
Warrants issued – finders' warrants	-	(90,256)	-	90,256	-	-
Warrants expired	-	-	515	(515)	-	-
Share-based payments charged to	-	-	121,398	-	-	121,398
Loss for the period	-	-	-	-	(1,288,742)	(1,288,742)
<b>Balance as at January 31, 2018</b>	<b>191,004,557</b>	<b>\$ 9,473,309</b>	<b>\$ 392,744</b>	<b>\$ 2,270,887</b>	<b>\$ (10,714,429)</b>	<b>\$ 1,422,511</b>
Warrants exercised	3,450,000	538,980	-	(28,230)	-	258,750
Stock option exercised	670,000	56,347	(22,847)	-	-	33,500
Warrants expired	-	40,106	-	(40,106)	-	-
Loss for the period	-	-	-	-	(285,397)	(285,397)
Issued shares – finder's shares	1,500,000	90,000	-	-	-	90,000
<b>Balance as at April 30, 2018</b>	<b>196,624,557</b>	<b>\$ 10,258,742</b>	<b>\$ 369,897</b>	<b>\$ 1,950,551</b>	<b>\$ (10,999,826)</b>	<b>\$ 1,579,364</b>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

## Internet of Things Inc.

Condensed Consolidated Interim Statements of Cash Flows  
For the three months ended April 30, 2018 and 2017  
(Unaudited, expressed in Canadian Dollars, unless otherwise stated)

<b>For the Three Months Period Ending April 30,</b>	<b>2018</b>	<b>2017</b>
<b>Cash flow from operating activities</b>		
Net loss for the period	\$ (285,397)	\$ (171,725)
<b>Adjustments to Net Profit for Non-Cash Items:</b>		
Accretion Expense (Note 8)	-	26,943
Amortization	193	19,867
Joint venture cost	90,000	-
Share-based payments	-	4,402
	<b>(195,204)</b>	<b>(120,514)</b>
Changes in non-cash working capital:		
Decrease (increase) in prepaid and other receivables	<b>(207,393)</b>	(1,862)
Increase (decrease) in accounts payable and accrued liabilities	<b>(186,776)</b>	(14,481)
	<b>(589,373)</b>	<b>(136,857)</b>
<b>Cash flow from financing activities</b>		
Purchase property and equipment	-	(3,350)
	-	(3,350)
<b>Cash flow from financing activities</b>		
Proceeds from warrant exercise	258,750	112,500
Proceeds from option exercise	33,500	47,500
Increase in (repayment of) in loans payable	-	62,917
	<b>\$ 292,250</b>	<b>\$ 222,917</b>
<b>Net Change in Cash</b>	<b>(297,123)</b>	<b>82,710</b>
<b>Cash, beginning of period</b>	<b>1,216,328</b>	<b>7,533</b>
<b>Cash, end of period</b>	<b>\$ 919,205</b>	<b>\$ 90,263</b>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

## **1. Corporate Information**

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Internet of Things Inc. ("the Company" or "ITT Inc") is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of Ontario and its shares are listed on the TSX Venture Exchange. The consolidated financial statements of the Company as at and for the period ended April 30, 2018 comprise the Company and its wholly owned subsidiary of IoT Labs Inc.

Internet of Things Inc. is an IoT technology accelerator and industry acquisition company. The Company is focused on accelerating IoT-based technology companies, and the development and implementation of disruptive IoT-based solutions. The Company will partner with companies across a wide range of industries to leverage the power of IoT.

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

On May 14, 2015, the Company received approval to transfer its listing from the NEX to the TSX Venture Exchange 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 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. Concurrently with the closing of the COB, the Company changed its name to Internet of Things Inc.

These consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on June 21, 2018.

### **Going Concern**

Since inception, the Company has incurred losses amounting to \$10,198,742 (2017 – \$9,425,687). During the period, the Company reported a net comprehensive loss of \$285,397 (2017 – \$171,725). As at April 30, 2018, the Company had working capital \$1,181,913 (2017 working capital deficiency – \$847,627). 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.

The accompanying condensed consolidated interim financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The consolidated financial statements do not include any adjustments to reflect any events since April 30, 2018 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty.



## **2. Statement of Compliance and Basis of Preparation**

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### **Statement of Compliance**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The policies applied in these consolidated financial statements are based on IFRS in effect as at January 31, 2018.

### **Basis of presentation**

The accompanying consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency, and include the accounts of IoT Labs Inc. (formally known as Double Door Communications Inc.). All significant intercompany accounts and transactions have been eliminated.

## **3. Summary of Significant Accounting Policies**

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The accounting policies applied by the Company in these Interim Financial Statements are the same as those applied by the Company in its Financial Statements for the year ended January 31, 2018.

## **4. Acquisition of Double Door Communications Inc.**

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On April 30, 2015 the Company 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. to the vendors of Double Door. In addition, the Company committed to issue a maximum of 5,000,000 additional shares of Internet of Things Inc. based on achievement of certain revenue targets.

If Double Door achieved revenue of at least \$540,000 for the year ending December 31, 2015, 4,500,000 performance escrow shares would have been released to the former owners of Double Door. If Double Door achieved revenue of greater than \$600,000 for the year ending December 31, 2015, 5,000,000 escrowed shares would have been released to the former shareholders. If Double Door achieved revenue of greater than \$540,000 but less than \$600,000 for the year ending December 31, 2015, the 500,000 shares between the targets noted above would be issued on a pro-rata basis. At the time of the acquisition, the Company valued this contingent consideration at NIL, as based on past results and a change of direction of the Company, the targets did not appear achievable. The targets were not met, as Double Door generated approximately \$60,000 of revenue for the year ended December 31, 2015.

Common Shares issued were subject to all applicable securities and regulatory hold periods. In addition to regulatory hold periods, the 10,000,000 Common Shares issued at the Closing Date are being released to the vendors over a period of 8 months, commencing on the four-month anniversary of the Closing Date and ending on the twelve-month anniversary of the Closing Date, (the “Share Escrow Period”).

#### 4. Acquisition of Double Door Communications Inc. - continued

The following table summarizes the consideration paid and the net assets acquired at acquisition:

Consideration Transferred:	
Fair value of 10,000,000 shares	\$ 400,000
<b>Total Consideration Transferred</b>	<b>\$ 400,000</b>
Fair value of assets acquired:	
Current assets (primarily accounts receivable)	\$ 188,847
Current liabilities (primarily accounts payable)	(182,185)
Software technology (Note 5)	393,338
Goodwill	55,070
Deferred income tax liability	(55,070)
<b>Acquiree's identifiable net assets</b>	<b>\$ 400,000</b>

#### 5. Property and Equipment

Cost, February 1, 2017	\$ -
Addition	3,350
<b>Cost, April 30, 2017</b>	<b>\$ 3,350</b>
Addition	1,262
Cost, January 31, 2018	4,612
<b>Cost, April 30, 2018</b>	<b>4,612</b>
Accumulated depreciation, February 1, 2017	
Charge for the period	38
Accumulated depreciation, April 30, 2017	\$ 38
Charge for the period	618
Accumulated depreciation, January 31, 2018	656
Charge for the period	193
<b>Accumulated depreciation, April 30, 2018</b>	<b>849</b>
<b>Net book value, February 1, 2017</b>	<b>\$ -</b>
<b>Net book value, April 30, 2017</b>	<b>\$ 3,312</b>
<b>Net book value, January 31, 2018</b>	<b>\$ 3,956</b>
<b>Net book value, April 30, 2018</b>	<b>\$ 3,763</b>

#### 6. Software Technology

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 chart below outlines the net book value of the software technology.

**6. Software Technology - continued**

<b>Cost, February 1, 2015</b>	<b>\$ 393,338</b>
Accumulated depreciation, February 1, 2017	\$ 138,369
Charge for the period	19,829
Accumulated depreciation, April 30, 2017	158,198
Charge for the period	39,035
Impairment	196,155
<b>Accumulated depreciation, January 31, 2018</b>	<b>\$ 393,388</b>
<b>Net book value, April 30, 2017</b>	<b>\$ 235,190</b>
<b>Net book value, January 31, 2018 and April 30, 2018</b>	<b>\$ -</b>

**7. Investment in BrainGrid**

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") will market, sell and distribute BrainGrid's flagship product, the Sentroller and related BrainGrid IoT technology applications. In September 2017, the Company terminated the joint venture.

The Company also acquired 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 carrying value of the investment has been adjusted to reflect the market value of the shares held by the Company resulting in an unrealized loss of \$166,312 as at January 31, 2018.

The Company issued 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 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. The fair value of the warrants (\$1,047,000) were included in the cost of the investment. Subsequently to the initial recognition, the Company recorded an impairment on the investment of \$1,047,000 included in the consolidated statements of comprehensive loss as at January 31, 2017. In September 2017, the Company signed joint venture termination agreement and recalled 6 million warrants from BrainGrid. These warrants are held in trust until being reassigned.

In addition, the Company issued 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. The fair value of these warrants was determined to be \$46,800 and was expensed on the consolidated statements of comprehensive loss within the General and administrative expenses line item in January 2016.

**Notes to Condensed Consolidated Interim Financial Statements**

*For the period ended April 30, 2018 and 2017*

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**7. Investment in BrainGrid - continued**

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The fair value of the Finder Warrants to be issued were determined using the Black-Scholes option pricing model using the following assumptions:

	<b>Finder Warrant</b>	<b>Warrants to BrainGrid</b>
Share price	\$0.055	\$0.07
Exercise price	\$0.05	\$0.05
Expected life	2 years	4.35 years
Volatility	170%	195.44%
Dividend yield	0%	0%
Interest rate	0.68%	0.64%
Fair Value	\$0.05	\$0.0675

**8. New Hope Joint Venture**

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In May 2017, the Company signed agreement with New Hope Data Technology Co. Ltd. to form a joint venture, New Hope IoT Int. Inc. (the “JV”). New Hope holds 49% interest and Internet of Things holds 51% interest in the joint venture. The Company will issue up to a total of 28 million common shares to New Hope upon the JV generating \$3.5 million in aggregate net income over the first three years. Releases will occur annually from escrow as net income milestones are achieved.

In April 2018, the Company issued 1.5 million common shares at \$0.06 per share for a total consideration of \$90,000 as a finder’s fee on the transaction. The shares are subject to a 4-month hold expiring August 11<sup>th</sup>, 2018.

For the period ended April 30, 2018, there has been no activity within the joint venture.

**9. Convertible Debenture**

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On April 30, 2015, the Company completed a convertible debenture 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 the Company. 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. These debenture were fully converted before April 30, 2017. As the result, 4,450,000 common shares and 4,450,000 warrants were issued.

## 9. Convertible Debenture - continued

On January 5, 2016, the Company completed a convertible debenture 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 one series 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 another series of the issuance, 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.

Above debenture were fully converted before January 5, 2018. As the result, 5,551,000 common shares and 3,010,000 warrants were issued. The Company incurred accretion expense of \$26,943 and interest expense of \$26,121 as at the period ended April 30, 2017 relating to the two debenture issuances.

Issue Date	30-Apr-15	05-Jan-16	Total
<b>Balance, February 1, 2015</b>	-	-	-
Face value of debenture upon issuance	\$ 525,000	\$ 551,000	\$ 1,076,000
Less: Finders' fee and transaction costs	(1,015)	-	(1,015)
Less: Value of conversion feature	(76,577)	(124,197)	(200,774)
Book value of the debenture on initial recognition	447,408	426,803	874,211
Accretion expense during the year	26,575	4,417	30,992
Balance of the debenture prior to Conversions	473,983	431,220	905,203
Conversions	(80,000)	-	(80,000)
Balance, January 31, 2016	393,983	431,220	825,203
Accretion expense during the year	30,990	62,183	93,173
Balance, January 31, 2017	424,973	493,403	918,376
Accretion expense during the period	20,027	6,916	26,943
<b>Conversions</b>	<b>(445,000)</b>	<b>(160,000)</b>	<b>(605,000)</b>
<b>Balance, April 30, 2017</b>	-	<b>340,319</b>	<b>340,319</b>
Accretion expense during the period	-	50,681	50,681
Conversions	-	(391,000)	(391,000)
<b>Balance, January 31, 2018 and April 30, 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## **10. Share Capital and Warrants Reserve**

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### **Authorized**

- Unlimited First Preferred shares, may be issued in series with rights and restrictions as determined by the Board of Directors
- Unlimited Second Preferred shares, may be issued in series with rights and restrictions as determined by the Board of Directors
- Unlimited Common shares

As at April 30, 2018, 4,000,000 (2017 – 8,000,000) common shares are held in escrow.

### **Transactions**

During the period, 670,000 options were exercised to common shares for the proceeds of \$33,500, 3,450,000 warrants were exercised to common shares for the proceeds of \$258,750 and 600,000 warrants from convertible debenture A were expired.

In April 2018, the Company issued 1.5 million common shares at \$0.06 per share for a total consideration of \$90,000 as a finder's fee on the transaction. The shares are subject to a 4-month hold expiring August 11<sup>th</sup>, 2018.

## **11. Share-Based Payments**

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In August 2011, the Stock Option Plan was approved by the Company's shareholders. The Stock Options Plan was adopted to provide the Company with a share ownership incentive to attract, retain and motivate qualified executives, directors, employees and consultants, to reward their contributions.

The Stock Option Plan provides that, subject to the requirements of TSX-V, the aggregate number of Common Shares reserved for issuance, set aside and made available for issuance under the Stock Option Plan may not exceed 10% of the number of issued Common Shares of the Company at the time the options are granted. The maximum number of Common Shares which may be reserved for issuance in any 12-month period to any one individual, upon exercise of all stock options held by that individual, may not exceed 5% of the issued and outstanding Common Shares, calculated at the date the option was granted. The maximum number of options which may be granted in any 12-month period to participants under the Stock Option Plan engaged in investor relations activities may not exceed 2% of the issued and outstanding Common Shares, calculated at the date the option was granted.

During the period, 670,000 stock options were exercised at an exercise price of \$0.05 for the gross proceeds of \$33,500. These options have grant date fair value of \$0.0341.

**11. Share-Based Payments – continued**

The following summarizes the options outstanding:

	Number of Options	Weighted Average Exercise Price
Outstanding as at February 1, 2017	13,600,000	\$ 0.05
Granted	1,500,000	0.09
Exercised	(950,000)	0.05
Outstanding as at April 30, 2017	14,150,000	0.05
Exercised	(1,930,000)	0.05
Outstanding as at January 31, 2018	12,220,000	0.05
Exercised	(670,000)	0.05
Outstanding as at April 30, 2018	11,550,000	\$ 0.06
<b>Option exercisable as at February 1, 2017</b>	<b>11,700,000</b>	<b>0.05</b>
<b>Option exercisable as at April 30, 2017</b>	<b>12,650,000</b>	<b>0.05</b>
<b>Option exercisable as at January 31, 2018</b>	<b>12,220,000</b>	<b>0.05</b>
<b>Option exercisable as at April 30, 2018</b>	<b>11,550,000</b>	<b>0.06</b>

The weighted average remaining contractual life for the stock options outstanding as at April 30, 2018 was 2.59 years (2017 – 3.57 years). The weighted average grant-date fair value of options granted to consultants during the period has been estimated at \$0.0363 using the Black-Scholes option-pricing model. The estimated fair value of the options granted was expensed over the options vesting periods.

**12. Related Party Balances and Transactions**

The Company incurred management fees to related parties in the amount of \$37,000 (2017 - \$27,000), \$15,000 (2017 - \$15,000) payable to the CEO, \$12,000 (2017 - \$12,000) payable to the CFO and \$10,000 (2017 - \$nil) payable to COO.

The Company was charged \$12,471 (2017 – \$3,000) by a corporation with director and officer in common for rent, administration, office charges and telecommunications.

**13. Financial Risk Management Objectives and Policies****Capital management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders (note 1).

The Company includes deficiency in assets, comprised of issued common shares, warrants reserve, and deficit, in the definition of capital.

### **13. Financial Risk Management Objectives and Policies - continued**

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The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its current joint venture. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements.

#### **Liquidity risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. As described in note 1, the Company has a working capital of \$1,181,914 (2017 working capital deficiency - \$847,626) and requires the continuing financial support of shareholders or other investors or new financing on commercial terms acceptable to the Company.

#### **Fair value**

The fair value of the Company's financial assets and financial liabilities approximate their recorded values at April 30, 2018 and 2017 for all assets except the convertible debentures issued. View Note 9 for more information.

### **14. Subsequent Events**

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Subsequent to the period end, on May 11, 2018, the Company granted 3,000,000 stock options to an executive of the Company.

On June 4, 2018, the Company announced that it completed acquisition of Weather Telematics Inc. ("WTX Inc."). 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 payable 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