

INTERNET OF THINGS INC.

Condensed Consolidated Interim Financial Statements

For the three months period ended April 30, 2019

INTERNET OF THINGS INC.

Condensed Consolidated Interim Financial Statements

As at April 30, 2019

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, 2019 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, 2019

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INTERNET OF THINGS INC.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited Expressed in Canadian Dollars, unless otherwise stated)

As at April 30, 2019 and January 31, 2019

	Notes	April 30, 2019	January 31, 2019
Assets			
Current assets			
Cash		\$ 54,636	\$ 288,120
Investments	4, 7	174,960	209,325
Accounts receivable		49,678	50,139
Prepays and sundry assets		197,840	153,592
		477,114	701,176
Non-current assets			
Property and equipment		6,906	7,260
Intangible assets	5, 6	513,935	544,575
Goodwill	6	590,958	661,596
		\$ 1,588,913	\$ 1,914,607
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 399,132	\$ 481,166
Acquisition payments	6	82,656	134,756
		481,788	615,922
Contingent acquisition consideration	6	81,307	81,307
		563,095	697,229
Equity			
Share capital	9	10,532,711	10,045,658
Shares and contingent shares to be issued	6	508,716	709,336
Contributed surplus	9, 10	996,766	1,008,563
Warrants reserve	9	1,788,725	1,897,525
Deficit		(12,801,100)	(12,443,704)
		1,025,818	1,217,378
		\$ 1,588,913	\$ 1,914,607

Going concern (Note 1)

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

Approved by the Board

Signed: “**Ronald Shuttleworth**”

Director

Signed: “**Millard Roth**”

Director

INTERNET OF THINGS INC.

Consolidated Statements of Changes in Equity

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

For the three months ended April 30, 2019 and 2018

	Share Capital		Shares and Contingent Shares To Be Issued	Contributed Surplus	Warrants Reserve	Deficit	Total
	Number of Shares	Amount					
Balance, February 1, 2018	191,004,557	\$ 9,473,309	\$ -	\$ 392,744	\$ 2,270,887	\$ (10,714,429)	\$ 1,422,511
Warrants exercised	3,450,000	393,417	-	-	(134,667)	-	258,750
Stock option exercised	670,000	56,347	-	(22,847)	-	-	33,500
Warrants expired	-	-	-	427,445	(427,445)	-	-
Loss for the period	-	-	-	-	-	(285,397)	(285,397)
Issued shares – finder’s shares	1,500,000	90,000	-	-	-	-	90,000
Balance, April 30, 2018	196,624,557	\$ 10,013,073	-	\$ 797,342	\$ 1,708,775	\$ (10,999,826)	\$ 1,519,364
Warrants – compensation warrants	-	-	-	-	286,038	-	286,038
Shares issued – settlement of debt	799,585	32,585	-	-	-	-	32,585
Shares to be issued – compensation warrant exercise	-	-	200,620	-	(97,288)	-	103,332
Shares to be issued – acquisition consideration	-	-	508,716	-	-	-	508,716
Share-based payments charged to operations (Note 10)	-	-	-	211,221	-	-	211,221
Loss for the period	-	-	-	-	-	(1,443,878)	(1,443,878)
Balance, January 31, 2019	197,424,142	\$ 10,045,658	\$ 709,336	\$ 1,008,563	\$ 1,897,525	\$ (12,443,704)	\$ 1,217,378
Shares issued – compensation warrant exercise (Note 9)	2,066,666	200,620	(200,620)	-	-	-	-
Shares issued – compensation warrant exercise (Note 9)	2,266,666	222,133	-	-	(108,800)	-	113,333
Shares issued – option exercise (Note 9)	1,000,000	64,300	-	(14,300)	-	-	50,000
Share-based payments charged to operations (Note 10)	-	-	-	2,503	-	-	2,503
Loss for the period	-	-	-	-	-	(357,396)	(357,396)
Balance, April 30, 2019	202,757,474	\$ 10,532,711	\$ 508,716	\$ 996,766	\$ 1,788,725	\$ (12,801,100)	\$ 1,025,818

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

INTERNET OF THINGS INC.

Consolidated Statements of Comprehensive Loss

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months ended April 30, 2019 and 2018

	Notes	2019	2018
Revenue		\$ 88,499	\$ -
Expenses			
General and administrative	11	213,589	98,298
Direct cost		28,476	-
Management fees	11	100,000	37,000
Professional and consulting fees		71,409	59,950
Joint venture – finder’ fees	8	-	90,000
Share-based payments	10	2,503	-
Amortization – intangible assets	6	30,640	-
Depreciation – property and equipment		354	193
		446,971	285,441
Loss from operations before undernoted items		(358,472)	(285,441)
Interest expense		1,535	(44)
Gain on sales of investments		(1,335)	-
Foreign exchange gain		(1,276)	-
Net loss and comprehensive loss for the period		\$ (357,396)	(285,397)
Loss per share - basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average number of common shares - basic and diluted		198,303,776	191,004,557

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

INTERNET OF THINGS INC.

Statements of Cash Flows

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months ended April 30, 2019 and 2018

	2019	2018
Cash flow from operating activities		
Net loss for the period	\$ (357,396)	\$ (285,397)
Adjustments to net profit for non-cash items:		
Depreciation and amortization	30,994	193
Share-based payments	2,503	-
Foreign exchange loss	(1,276)	-
Joint venture – finder’s fees	-	90,000
Fair value adjustment of investment	(1,335)	-
	(326,510)	(195,204)
Changes in non-cash working capital:		
(Increase) in accounts receivables	461	-
(Increase) decrease in prepaids and other receivables	(44,248)	(207,393)
Increase (decrease) in accounts payable and accrued liabilities	(82,034)	(186,776)
	(452,331)	(589,373)
Cash flow from investing activities		
Adjustment on Goodwill	70,638	-
Payment for acquisition, net of cash acquired	(44,239)	-
Proceeds from sale of investment	29,115	-
	55,514	-
Cash flow from financing activities		
Proceeds from warrant exercise	113,333	258,750
Proceeds from option exercise	50,000	33,500
	163,333	292,250
(Decrease) increase in cash	(233,484)	(297,123)
Cash, beginning of period	288,120	1,216,328
Cash, end of period	\$ 54,636	\$ 919,205

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

Internet of Things Inc.

Notes to Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months period ended April 30, 2019 and 2018

1. Corporate Information and Going Concern

Internet of Things Inc. ("the Company" or "ITT Inc") is a publicly listed company under the laws 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 three months period ended April 30, 2019 comprise the Company and its wholly owned subsidiaries being Weather Telematics Inc. and IOT Labs Inc. The Company has a 51% interest in New Hope IoT Int'l Inc. joint venture with New Hope Data Technologies Co. Ltd. The Company's joint venture with BrainGrid Limited was terminated in 2017.

Internet of Things Inc. (the "Company" or "ITT Inc.") is a strategic investor and operator of emerging technology companies with innovative IoT and Artificial intelligence ("AI") solutions. It operates data-driven industrial IoT companies that deliver significant benefit to the verticals they serve.

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.

These consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on June 28, 2019.

Going Concern

Since inception, the Company has incurred losses amounting to \$12,801,100 (2018 - \$10,999,826). During the period, the Company reported a net comprehensive loss of \$357,396 (2018 -\$285,397). As at April 30, 2019, the Company had working capital deficiency of \$4,674 (2018 working capital - \$1,181,913). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its acquisitions or obtaining new equity and/or debt 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 condensed consolidated interim financial statements do not include any adjustments to reflect any events since April 30, 2019 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

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, 2019.

Internet of Things Inc.

Notes to Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months period ended April 30, 2019 and 2018

2. Statement of Compliance and Basis of Preparation (Cont'd)

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 Weather Telematics Inc., Digital Blockware Inc. and IOT Labs Inc. All significant intercompany accounts and transactions have been eliminated.

3. Summary of Significant Accounting Policies

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, 2019.

4. Investments

The Board of Directors has overall responsibility of the establishment and oversight of the Company's investments. The Company's investments are as follows:

	April 30, 2019	April 30, 2018
TruTrace Technologies Inc. (CSE.TTT)	\$ -	\$ 25,000
BrainGrid Limited (CSE.BGRD) (Note 7)	174,960	333,688
	\$ 174,960	\$ 358,688

5. Acquisition of IoT Labs Inc.

On April 30, 2015, the Company acquired IoT Labs Inc. (formerly Double Door Communications Inc.) through the purchase all of the issued and outstanding shares in IoT Labs Inc. 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 of Internet of Things Inc. based on achievement of certain revenue targets.

The targets were not met, as IoT Labs Inc. 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 were 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").

As a result of the Company's annual impairment test, it was determined that impairment existed for the goodwill. The impairment arose primarily as a result of unsuccessful efforts in utilizing technology acquired from IoT Labs Inc. to create sales revenue. This created a goodwill impairment loss of \$55,070 in the 2018 fiscal year.

Internet of Things Inc.

Notes to Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months period ended April 30, 2019 and 2018

5. Acquisition of IoT Labs Inc. (Cont'd)

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

Cost, February 1, 2015 and January 31, 2018	\$	393,388
<hr/>		
Accumulated amortization:		
Accumulated depreciation, February 1, 2016	\$	59,000
Amortization for the year		79,369
Accumulated depreciation, January 31, 2017	\$	138,369
Amortization for the year		58,864
Impairment		196,155
Accumulated depreciation, January 31, 2018 and 2019	\$	393,388
Net book value, January 31, 2017	\$	255,019
Net book value, January 31, 2018 and 2019	\$	-
Net book value, April 30, 2019	\$	-

6. Acquisition of Weather Telematics Inc.

On June 1, 2018, the Company acquired Weather Telematics Inc. (“WTX Inc.”) through the purchase of all of the issued and outstanding shares in WTX Inc. On closing, the Company paid \$230,000 in cash. \$300,000 cash adjusted for working capital will be paid subsequent to closing. In addition, 20,833,332 Internet of Things Inc.’s treasury shares may be released with 50% or 10,416,666 shares over three years in three equal tranches of 3,472,222 shares on the 12th month, 24th month and 36th month anniversaries post-closing. These shares are recorded as shares to be issued at the end of the year. The 50% balance or 10,416,666 are shares to be released upon WTX Inc. achieving \$8.2 million minimum net sales target over 36 months with pro rata releases every six months. These shares are described as performance shares.

The performance shares represent contingent consideration which has been classified as a liability and is remeasured at each reporting date in accordance with IFRS 9. The Company allocated \$258,195 to performance shares at the acquisition date. Management assessed the probability of the anticipated progress towards the \$8.2 million target and discounted the share value to present value in order to derive a fair value of \$81,307 as at January 31, 2019 and a corresponding gain of \$176,888 was recorded in the Statement of Comprehensive Loss.

Internet of Things Inc.

Notes to Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months period ended April 30, 2019 and 2018

6. Acquisition of Weather Telematics Inc. (Cont'd)

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

Consideration:	
Cash	\$ 458,164
Fair value of consideration shares	508,716
Fair value of performance shares	258,195
Total Consideration Transferred	\$ 1,225,075
Fair value of assets acquired:	
Total assets	\$ 103,411
Total liabilities and deferred taxes	(328,114)
Intangibles	628,286
Goodwill	821,492
Acquiree's identifiable net assets	\$ 1,225,075

During the period ended April 30, 2019, the Company made following adjustment to Goodwill:

Goodwill, January 31, 2019	\$ 661,596
Adjustment for the subsequent Science Research & Experiment Development assessment	(70,638)
Goodwill at April 30, 2019	\$ 590,958

The chart below outlines the net book value of the intangibles.

Cost, June 1, 2018	\$ 628,286
Amortization for the year	83,711
Accumulated depreciation, January 31, 2019	\$ 83,711
Amortization for the period	30,640
Accumulated depreciation, April 30, 2019	\$ 114,351
Net book value, January 31, 2019	\$ 544,575
Net book value, April 30, 2019	\$ 513,935

At January 31, 2019, the Company assessed for impairment the recoverable amount of goodwill and the intangibles. The Company applied the value in use method, using a five-year (and related terminal value) discounted cash flow model. The future cash flows were discounted at a rate of 47.5%. As a result of this assessment, the recoverable amount was determined to be less than its carrying value, resulting in an impairment charge of \$159,896 on the consolidated statement of comprehensive loss. At the end of the year, the company recognized \$159,896 as income tax recovery.

On February 28, 2019, the Company made a payment of \$44,239 to the vendors of WTX Inc. In June 2019, 12 months from the closing date, the Company made final payment and issued 3,472,222 shares to WTX's vendors.

Internet of Things Inc.

Notes to Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months period ended April 30, 2019 and 2018

7. Investment in BrainGrid Limited

On December 15, 2015, the Company and BrainGrid Limited ("BrainGrid") a designer, manufacturer, and marketer of advanced digital communication devices and software systems that enable the Internet of Things, entered into a joint venture agreement. The joint venture company, BrainGrid Solutions Ltd. ("BrainGrid Solutions") was set up to market, sell and distribute BrainGrid's flagship product, the Sentroller and related BrainGrid IoT technology applications.

The Company also acquired a minority equity position in BrainGrid for \$500,000 as an initial investment and the Company has forfeited the option to increase its interest in BrainGrid. The carrying value of the investment was adjusted to reflect the market value of the shares held by the Company resulting in an unrealized gain of \$61,312 on January 31, 2019. In December 2018, BrainGrid issued 2,500,000 shares to the Company for its \$500,000 investment. In January 2019, the Company sold 1,000,000 shares on the public market and recorded a loss of \$34,700.

The Company issued 15.5 million warrants to BrainGrid as it directed, 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) was 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 during the year ended January 31, 2017.

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 for the year ended January 31, 2017.

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

	Finder Warrant	Warrants to BrainGrid
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

Internet of Things Inc.

Notes to Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months period ended April 30, 2019 and 2018

8. New Hope IoT Int'l Inc. Joint Venture

In May 2017, the Company signed an agreement with New Hope Data Technology Co. Ltd. ("New Hope") to form a joint venture, New Hope IoT Int'l Inc. New Hope holds a 49% interest and Internet of Things holds a 51% interest in the joint venture. The Company will issue 28 million common shares to New Hope subject to performance milestones based upon the joint venture generating \$3.5 million in aggregate net income over the first three years with annual releases from escrow as 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.

For the three months ended April 30, 2019 and 2018, there has been no financial activity within the joint venture.

9. Share Capital and Warrants Reserve

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

Transactions

In March 2017, \$20,000 of convertible debentures were converted into 200,000 common shares and 200,000 warrants were issued. A \$150,000 convertible debenture was converted into 1,500,000 common shares.

In April 2017, \$301,000 of convertible debentures were converted into 3,010,000 common shares and 3,010,000 warrants were issued.

In May 2017, \$144,000 of convertible debentures were converted into 1,440,000 common shares and 1,440,000 warrants were issued.

In June 2017, \$100,000 of convertible debentures were converted to 1,000,000 common shares.

In January 2018, \$281,000 of convertible debentures were converted into 2,810,000 common shares and 2,810,000 warrants were issued.

During fiscal year 2018, 2,000,000 warrants were exercised to common shares for \$150,000; 2,880,000 stock options were exercised for \$144,000.

On January 29, 2018, the Company closed a non-brokered private placement of 23,000,000 equity units of the Company at a price of \$0.10 per equity unit for gross proceeds of \$2,300,000. Each equity unit is comprised of one common share of the Company and one-half of one common share purchase warrant.

Internet of Things Inc.

Notes to Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months period ended April 30, 2019 and 2018

9. Share Capital and Warrants Reserve (Cont'd)

Each whole Warrant entitles the holder to acquire one common share of the Company for a period of 24 months from the date of issuance of the Warrant and the exercise price is \$0.18 per share.

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 for New Hope transaction.

In October 2018, the Company issued 799,585 common shares with a fair value of \$31,983 on settlement of debt amounting to \$77,000 related to Weather Telematics Inc. acquisition. The Company recorded a gain on settlement of debt of \$44,416 in the consolidated statement of comprehensive loss.

During fiscal year 2019, 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 Series A expired.

During the period ended April 30, 2019, 1,000,000 stock options were exercised at an exercise price of \$0.05 for the gross proceeds of \$50,000. These options have grant date fair value of \$0.0143.

The Company issued 5,000,000 warrants in May 2018, and 1,000,000 warrants in January 2019. The exercise price is \$0.05 and set to be expired on January 5th, 2021. The fair value of the Warrants was determined using the Black-Scholes option pricing model using the following assumptions:

	January 31, 2019	January 31, 2018
Weighted Average Remaining Contractual Life (Years)	2.56	1.66
Weighted Average Exercise Price	0.06	0.095
Weighted Average Volatility	130%	131%
Weighted Average Dividend Yield	0%	0%
Weighted Average Fair Value	\$0.048	\$0.087

During the period, 2,266,666 warrants were exercised at an exercise price of \$0.05 for the gross proceeds of \$113,333. 2,066,666 to be issued shares were issued during this period.

10. Share-Based Payments

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 the Exchange, 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.

Internet of Things Inc.

Notes to Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months period ended April 30, 2019 and 2018

10. Share-Based Payments (Cont'd)

The following summarizes the options outstanding:

	Number of Options	Weighted Average Exercise Price
Outstanding as at February 1, 2018	12,220,000	0.05
Exercised	(670,000)	0.05
Outstanding as at April 30, 2018	11,550,000	0.06
Granted	4,600,000	0.06
Expired	(2,000,000)	0.05
Forfeited	(500,000)	0.05
Outstanding as at January 31, 2019	13,650,000	0.06
Exercised	(1,000,000)	0.05
Forfeited	(1,500,000)	0.09
Outstanding as at April 30, 2019	11,150,000	0.06
Options exercisable as at February 1, 2018	12,220,000	\$0.05
Option exercisable as at April 30, 2018	11,550,000	\$0.06
Option exercisable as at January 31, 2019	10,950,000	\$0.06
Option exercisable as at April 30, 2019	9,550,000	\$0.05

The fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions:

	January 31, 2019	January 31, 2018
Weighted Average Share Price	\$0.05	\$0.09
Weighted Average Exercise Price	\$0.06	\$0.09
Weighted Average Expected Life (Years)	3.84	5
Weighted Average Volatility	173%	176%
Weighted Average Dividend Yield	0%	0%
Weighted Average Fair Value	\$0.048	\$0.08

The fair value of the options granted with market based vesting conditions was determined using the Monte Carlo simulation with the following assumptions: risk free rate of return of 1.96%, expected share volatility of 104%, dividend yield of 0% and expected life of five years.

The weighted average remaining contractual life for the stock options outstanding as at April 30, 2019 was 2.27 years (2018 – 2.59 years). \$2,503 (2018 - \$nil) of stock-based compensation expense was recorded during the three months period ended April 30, 2019.

Internet of Things Inc.

Notes to Consolidated Financial Statements

(Unaudited, Expressed in Canadian Dollar, unless otherwise stated)

For the three months period ended April 30, 2019 and 2018

11. Related Party Balances and Transactions

As at April 30, 2019, the Company incurred management fees to related parties in the amount of \$100,000 (2018 - \$37,000) and consulting fees to related parties in the amount of \$12,000 (2018 - \$20,833), of which \$40,000 was paid to the CEO (2018 - \$15,000), \$4,000 was paid to the CFO (2018 - \$12,000), \$8,500 was paid to the COO (2018 - \$10,000), and \$67,235 in fees including taxes (2018 - \$20,833) were included in payables.

The Company was charged \$6,417 (2018 - \$12,471) by a corporation with director and officer in common for rent, administration, office charges and telecommunications. At the end of the period, \$3,391 (2018 - \$Nil) was included in accounts payable.

12. 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, contributed surplus, warrants reserve, and deficit, in the definition of capital.

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 ventures. 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 working capital deficit of \$4,852 (2018 working capital - \$1,181,914) and requires equity and/or debt financings 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, 2019 and 2018 for all assets except the convertible debentures.

13. Subsequent Events

In June 2019, the Company made final payment to the vendors of WTX Inc. based on previously agreed amended payment schedule. The Company also issued 3,472,222 shares to the vendors.