

INTERNET OF THINGS INC.

Condensed Consolidated Interim Financial Statements

For the three months period ended April 30, 2020

INTERNET OF THINGS INC.

Condensed Consolidated Interim Financial Statements

As at April 30, 2020

Notice to Reader

Management has complied the Condensed Consolidated Interim Financial Statements of Internet of Things Inc. consisting of the Statement of Financial Position as at April 30, 2020 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, 2020

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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, 2020 and January 31, 2020

	Notes	April 30, 2020	January 31, 2020
Assets			
Current assets			
Cash		\$ 378,688	\$ 43,286
Accounts receivable		14,180	75,480
Prepays and sundry assets	4	277,887	51,141
		670,755	169,907
Non-current assets			
Property and equipment	5	5,522	5,808
Intangible assets	6,7	390,602	422,016
		\$ 1,066,879	\$ 597,731
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9,14	\$ 610,823	\$ 864,419
Deferred revenue		-	9,488
Loan payables	10	190,000	291,439
		800,823	1,165,346
Contingent acquisition consideration	7	14,969	14,969
		\$ 815,792	\$ 1,180,315
Equity			
Share capital	11	\$ 11,980,320	\$ 10,718,320
Shares and contingent shares to be issued	7	339,144	339,144
Contributed surplus	12	(3,805,005)	1,988,828
Warrants reserve	11	7,098,586	866,553
Deficit		(15,361,958)	(14,495,429)
		251,087	(582,584)
		\$ 1,066,879	\$ 597,731

Going concern (Note 1)

Subsequent event (Note 17)

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

Approved by the Board

Signed: “**Michael Lende**”

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, 2020 and 2019

	Share Capital		Shares and	Contributed	Warrants	Deficit	Total
	Number of	Amount	Contingent Shares	Surplus	Reserve		
	Shares		To Be Issued				
Balance, January 31, 2019	197,424,142	\$ 10,045,658	\$ 709,336	\$ 1,008,563	\$ 1,897,525	\$ (12,443,704)	\$ 1,217,378
Stock options exercised							
Shares issued – warrant exercised (Note 9)	2,066,666	200,620	(200,620)	-	-	-	-
Warranta exercised (Note 9)	2,266,666	212,230	-	-	(98,897)	-	113,333
Stock option exercised (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	\$ 10,522,808	\$ 508,716	\$ 996,766	\$ 1,798,628	\$ (12,801,100)	\$ 1,025,818
Stock option exercised (Note 9)	200,000	25,940	-	(15,940)	-	-	10,000
Shares to be issued – acquisition consideration	3,472,222	169,572	(169,572)	-	-	-	-
Warrants expired	-	-	-	932,075	(932,075)	-	-
Share-based payments charged to operations (Note 10)	-	-	-	75,927	-	-	75,927
Loss for the period	-	-	-	-	-	(1,694,329)	(1,694,329)
Balance, January 31, 2020	197,424,142	\$ 10,718,320	\$ 339,144	\$ 1,988,828	\$ 866,553	\$ (14,495,429)	\$ (582,584)
Shares issued – private placement (Note 11)	125,000,000	1,250,000	-	-	-	-	1,250,000
Warrants exercised (Note 11)	100,000	12,000	-	-	(7,000)	-	5,000
Warrants issued – private placement (Note 11)	-	-	-	(6,239,033)	6,239,033	-	-
Share-based payments charged to operations (Note 12)	-	-	-	445,200	-	-	445,200
Loss for the period	-	-	-	-	-	(866,529)	(866,529)
Balance, April 30, 2020	331,529,697	\$ 11,980,320	\$ 339,144	\$ (3,805,005)	\$ 7,098,586	\$ (15,361,958)	\$ 251,087

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, 2020 and 2019

	Notes	2020	2019
Revenue	14	\$ 54,343	\$ 88,499
Expenses			
General and administrative	15	150,140	213,589
Direct cost		24,102	28,476
Management fees		24,000	100,000
Professional and consulting fees		226,093	71,409
Share-based payments	12	445,200	2,503
Amortization – intangible assets	7	31,414	30,640
Depreciation – property and equipment	4	286	354
		901,235	446,971
Loss from operations before undernoted items		(846,892)	(358,472)
Interest expense (income)		16,344	1,535
Gain on sales of investments		-	(1,335)
Foreign exchange (gain) loss		3,293	(1,276)
Net loss and comprehensive loss for the period		\$ (866,529)	\$ (357,396)
Loss per share - basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average number of common shares - basic and diluted		209,171,067	198,303,776

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, 2020 and 2019

	2020	2019
Cash flow from operating activities		
Net loss for the period	\$ (866,529)	\$ (357,396)
Adjustments to net profit for non-cash items:		
Depreciation and amortization	31,701	30,994
Share-based payments	445,200	2,503
Foreign exchange loss	-	(1,276)
Fair value adjustment of investment	-	(1,335)
	(389,628)	(326,510)
Changes in non-cash working capital:		
Decrease in accounts receivables	61,300	461
(Increase) in receivable from joint venture	(9,996)	-
(Increase) in prepaids and other receivables	(216,750)	(44,248)
(Decrease) in accounts payable and accrued liabilities	(253,596)	(82,034)
(Decrease) in deferred revenue	(9,488)	-
	(818,159)	(452,331)
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	5,000	113,333
Proceeds from option exercise	-	50,000
Proceeds from private placement	1,250,000	-
Loan repayment	(101,439)	-
	1,153,561	163,333
(Decrease) increase in cash	335,402	(233,484)
Cash, beginning of period	43,286	288,120
Cash, end of period	\$ 378,688	\$ 54,636

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, 2020 and 2019

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.

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 July 30, 2020.

Going Concern

Since inception, the Company has incurred losses amounting to \$15,361,958 (2019 - \$12,801,100). During the period, the Company reported a net comprehensive loss of \$866,529 (2019 - \$357,396). As at April 30, 2020, the Company had working capital deficiency of \$130,068 (2019 working capital - \$4,674). 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 material uncertainties that cast significant doubt on the Company's ability 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, 2020.

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, 2020 and 2019

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, 2020.

4. Prepaids and Sundry Assets

Prepaids and sundry assets includes the government receivables arising from HST recovery.

	April 30, 2020	January 31, 2020
HST – tax receivable	\$ 33,673	\$ 15,046
Other prepaids	244,214	35,095
	\$ 277,887	\$ 51,141

5. Property and Equipment

	Computer and office equipment
Cost, February 1, 2019	\$ 9,412
Addition	-
Cost, April 30, 2019	9,412
Addition	-
Cost, January 31, 2020	9,412
Addition	-
Cost, April 30, 2020	9,412
Accumulated depreciation, February 1, 2019	2,152
Charge for the period	354
Accumulated depreciation, April 30, 2019	2,506
Charge for the period	1,098
Accumulated depreciation, January 31, 2020	3,604
Charge for the period	286
Accumulated depreciation, April 30, 2020	3,890
Net book value, April 30, 2019	6,906
Net book value, January 31, 2020	5,808
Net book value, April 30, 2020	5,522

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, 2020 and 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 \$14,969 as at January 31, 2020 (2019 – \$81,307).

On February 28, 2019, the Company made a payment of \$44,239 to the vendors of WTX Inc. In March 2019, the Company made payment of \$6,900 to the vendor of WTX Inc. In June 2019, 12 months from the closing date, the Company made final payment of \$98,802 to WTX vendors excluding \$10,000 contingent funds and issued 3,472,222 shares to WTX’s vendors. In August 2019, the Company paid out \$10,000 contingent funds withheld previously.

Goodwill arose on the acquisition of WTX as the cost of the consideration paid for the combination effectively included amounts for the benefit of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for the tax purposes.

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

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, 2020 and 2019

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

In determining a goodwill impairment loss of \$661,596 (2019 - \$159,896) the Company applied the value in use method, using a five-year (and related terminal value) discounted cash flow model. The Company reviewed cash flow projections during a forecasted period based on expected revenue growth and gross margins (67%) throughout the forecast period. The cash flows beyond the five-year period have been extrapolated using a steady 2.0% per annum growth rate which is the projected long-term average growth rate. The recoverable amount used a pre-tax discount rate of 45.5% (2019 – 47.5%) per annum.

Additions through acquisition	\$	821,492
Impairment loss		159,896
Net book value, January 31, 2019	\$	661,596
Impairment loss during fiscal year 2020	\$	661,596
Net book value, January 31, 2020 and April 30, 2020	\$	-

7. Intangible Assets

The chart below outlines the net book value of the technology:

Balance, February 1, 2019	\$	628,286
Accumulated depreciation, February 1, 2019	\$	83,711
Amortization for the period		30,640
Accumulated depreciation, April 30, 2019	\$	114,351
Amortization for the period		91,919
Accumulated depreciation, January 31, 2020		206,270
Amortization for the period		31,414
Accumulated depreciation, April 30, 2020	\$	237,684
Net book value, April 30, 2019	\$	513,935
Net book value, January 31, 2020	\$	422,016
Net book value, April 30, 2020	\$	390,602

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.

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, 2020 and 2019

8. New Hope IoT Int'l Inc. Joint Venture (Cont'd)

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, 2020 and 2019, there has been no financial activity within the joint venture.

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	April 30, 2020	January 31, 2020
Trade accounts payable	\$ 283,746	\$ 313,447
Interest payable	-	19,803
Payroll and related	149,077	123,320
Other accruals	175,300	407,849
	\$ 608,123	\$ 864,419

10. Loan Payables

	April 30, 2020
(i) Loans payable, interest bearing at 9% per annum payable upon full repayment of the principal, due on demand	\$ 150,000
(ii) Canada Emergency Business Account (CEBA)	\$ 40,000
	\$ 190,000

(i) At the end of period April 30, 2020, Internet of Things Inc. recorded unsecured loan of \$150,000. The loan is due on demand with bearing 9% interest per annum. Subsequent to the end of quarter, \$150,000 loan was fully repaid.

(ii) At the end of period April 30, 2020, Internet of Things Inc. received CEBA of \$40,000 with 25% being forgivable. CEBA is part of the Government of Canada's COVID-19 Economic Response Plan, which is helping Canadians and business deal with the economic impacts of the pandemic.

11. 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

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, 2020 and 2019

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

Transactions

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.

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.

On April 20, 2020, the Company closed a non-brokered private placement of 125,000,000 equity units of the Company at a price of \$0.01 per equity unit for gross proceeds of \$1,250,000. Each equity unit is comprised of one common share of the Company and one common share purchase warrant.

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

	April 20, 2020
Weighted Average Remaining Contractual Life (Years)	2
Weighted Average Exercise Price	0.01
Weighted Average Volatility	574%
Weighted Average Dividend Yield	0%
Weighted Average Fair Value	\$0.0499

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, 2020 and 2019

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

During the period, 100,000 warrants were exercised at an exercise price of \$0.05 for the gross proceeds of \$5,000.

12. 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.

The following summarizes the options outstanding:

	Number of Options	Weighted Average Exercise Price
Outstanding as at February 1, 2019	13,650,000	0.05
Exercised	(1,000,000)	0.05
Forfeited	(1,500,000)	0.09
Outstanding as at April 30, 2019	11,150,000	0.06
Granted	1,000,000	0.05
Exercised	(200,000)	0.05
Forfeited	(4,050,000)	0.05
Outstanding as at January 31, 2020	7,900,000	0.05
Granted	15,000,000	0.05
Forfeited	(400,000)	0.05
Outstanding as at April 30, 2020	22,500,000	0.05
Option exercisable as at April 30, 2019	9,550,000	\$0.06
Option exercisable as at January 31, 2020	7,650,000	\$0.05
Option exercisable as at April 30, 2020	12,320,000	\$0.05

The weighted average remaining contractual life for the stock options outstanding as at April 30, 2020 was 0.81 years (2019 – 2.27 years). The pricing model assumed the weighted average risk free interest rates of 1.8% (2019 – Nil), weighted average expected dividend yields of Nil (2019 – Nil), the weighted average expected common stock price volatility (based on historical trading) of 372% (2019 – Nil), a forfeiture rate of zero. The weighted average exercise price for the options outstanding as at April 30, 2020 was \$0.05 (2019 - \$0.06), and a weighted average expected life of 0.76 years (2019 – Nil), which were estimated based on past experience with stock options and option contract specifics. \$445,220 (2019 - \$2,503) of stock-based compensation expense was recorded during the period ended April 30, 2020.

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, 2020 and 2019

12. Share-Based Payments (Cont'd)

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

	April 30, 2020	January 31, 2021
Weighted Average Share Price	\$0.05	\$0.05
Weighted Average Exercise Price	\$0.05	\$0.05
Weighted Average Expected Life (Years)	0.76	1.27
Weighted Average Volatility	372%	138%
Weighted Average Dividend Yield	0%	0%
Weighted Average Fair Value	\$0.032	\$0.034

13. Related Party Balances and Transactions

As at April 30, 2020, the Company incurred management fees to related parties in the amount of \$24,000 (2019 - \$100,000) and consulting fees to related parties in the amount of \$2,500 (2019 - \$12,000), of which \$12,000 was paid to the CEO (2019 - \$40,000), \$12,000 was paid to the CFO (2019 - \$12,000) and \$8,000 (2019 - \$4,520) management fees was included in the payables.

The Company was charged \$2,700 (2019 - \$6,417) by a corporation with director and officer in common for rent, administration, office charges and telecommunications. At the end of the period, \$6,442 (2019 - \$3,391) was included in accounts payable, \$8,100 (2019 - \$nil) was included in accrued liabilities.

14. Revenue

Revenues from Company's two largest customers accounted for 79% (2019 – 96%) of consolidated revenues for the period ended April 30, 2020. The top two customers each contributed 10% or more to the Company's revenues.

Revenue by Geographic Region

	2020	2019
US	\$ 19,653	\$ 76,333
Europe	10,816	12,166
Canada	23,874	-
	\$ 54,343	\$ 88,499

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, 2020 and 2019

15. Break Down of Expenses

The details for general and administrative expenses are as follows:

Period ended April 30	2020	2019
Salaries	\$ 105,883	\$ 130,308
Shareholder services	28,447	65,441
Selling, general and administrative expense	15,810	17,840
	\$ 150,140	\$ 213,589

16. 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 130,068 (2019 working capital - \$4,674) 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, 2020 and 2019 for all assets except the convertible debentures.

17. Subsequent Events

New Subsidiary – AI Labs Inc. and Joint Venture – SMRT Labs Inc.

In April 2020, the Company incorporated a new subsidiary, AI Labs Inc. and formed a partnership with Commersive Solutions Corp. called SMRT Labs Inc.

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, 2020 and 2019

17. Subsequent Events (Cont'd)

New Product – ThermalPasTM

The Company began the development of a new fever-detection system called ThermalPasTM, www.thermalpass.com. ThermalPasTM will screen for higher than normal body temperatures in potential carriers of Coronavirus and other fevers. ThermalPasTM will be owned 51% by AI Labs Inc. ("AI Labs"), a wholly owned subsidiary of ITT Inc., and 49% by Commersive Solutions Corp. ("Commersive"), a developer of integrated, point-of-sale technologies. The new joint venture will combine ITT's technology assets with Commersive's end to end product ideation and development capabilities and retail market reach, to commercialize ThermalPasTM for the global marketplace.

Weather Telematics Acquisition Shares

The Company issued 3,472,222 shares to Weather Telematics ("WTX") vendors on second anniversary of WTX acquisition date. The final tranche will be issued on June 1, 2022.

Covid - 19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19," has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Internet of Things has taken measures to protect its management, employees and contractors and has advised them to work from home and maintain a safe environment to ensure they are healthy and have minimal exposure to the risk of infection.

The Company has contacted all the parties it is working with to ensure they are all working in a safe environment. A number of such parties have had an impact on their operations and ability to collaborate, while, a large number have identified multiple new business opportunities due to COVID-19 and the stay at home order of students in many countries. Internet of Things began the development of a new fever-detection system called ThermalPass.TM.