

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED September 30, 2018.

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File No. 333-141875

IGEN Networks Corp.

(Exact name of registrant as specified in its charter)

Nevada

(State or Other Jurisdiction of
incorporation or organization)

20-5879021

(I.R.S. Employer
Identification No.)

29970 Technology Drive, Suite 108, Murrieta, CA 92563

(Address of principal executive offices) (Zip Code)

1-844-332-5699

(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer:

☐

Accelerated filer:

☐

Non-accelerated filer:

☐

Smaller reporting company:

☒

(Do not check if a smaller reporting company)

Emerging growth company

☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares of the registrant's common stock issued and outstanding as of November 9, 2018 is 63,470,373.

TABLE OF CONTENTS

<u>PART I</u>		<u>Page</u>
ITEM 1.	FINANCIAL STATEMENTS	F-1 to F-13
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	3
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	8
ITEM 4.	CONTROLS AND PROCEDURES	8
 <u>PART II</u>		
ITEM 1.	LEGAL PROCEEDINGS	9
ITEM 1A.	RISK FACTORS	9
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	9
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES	9
ITEM 4.	MINE SAFETY DISCLOSURES	9
ITEM 5.	OTHER INFORMATION	9
ITEM 6.	EXHIBITS	10

Part I
FINANCIAL INFORMATION

Item 1. Financial Statements

The Company's unaudited condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2018 are included herewith.

IGEN NETWORKS CORP.

Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2018
(Unaudited – Expressed in U.S. Dollars)

IGEN NETWORKS CORP.
Condensed Consolidated Interim Balance Sheets
(Expressed in U.S. dollars)

	September 30, 2018	December 31, 2017
	(unaudited)	
Assets		
Current Assets		
Cash, including restricted cash of \$25,000 and \$25,000, respectively	\$ 38,693	\$ 53,638
Accounts and other receivables, net	287,857	54,121
Inventory	35,772	2,222
Prepaid expenses and deposits	36,302	22,213
Total Current Assets	398,624	132,194
Equipment, net	747	2,853
Goodwill	505,508	505,508
Total Assets	\$ 904,879	\$ 640,555
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 859,016	\$ 858,908
Current portion of deferred revenue	537,273	633,766
Notes payable	-	14,578
Convertible debentures, net of unamortized discount of \$0 and \$153,194, respectively	75,000	113,056
Derivative liabilities	37,691	227,163
Total Current Liabilities	1,508,980	1,847,471
Deferred revenue, net of current portion	276,829	183,576
Total Liabilities	1,785,809	2,031,047
Nature and Continuation of Operations (Note 1)		
Subsequent Event (Note 13)		
Stockholders' Deficit		
Preferred stock: Authorized – 10,000,000 shares with \$0.001 par value, no shares issued and outstanding	-	-
Common stock: Authorized - 375,000,000 shares with \$0.001 par value issued and outstanding – 60,087,040 and 39,214,517 shares, respectively	60,087	39,215
Additional paid-in capital	10,092,368	8,854,491
Accumulated other comprehensive loss	-	(60,910)
Deficit	(11,033,385)	(10,223,288)
Total Stockholders' Deficit	(880,930)	(1,390,492)
Total Liabilities and Stockholders' Deficit	\$ 904,879	\$ 640,555

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

IGEN NETWORKS CORP.**Condensed Consolidated Interim Statements of Operations and Comprehensive Loss**

(Unaudited - Expressed in U.S. dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Sales, hardware and accessories	\$ 300,074	\$ 246,189	\$ 800,500	\$ 761,394
Sales, services	84,403	74,090	272,864	280,395
Total Revenues	384,477	320,279	1,073,364	1,041,789
Cost of goods sold	115,321	202,268	485,796	633,472
Gross Profit	269,156	118,011	587,568	408,317
Expenses:				
Selling, general and administrative	201,073	154,058	611,579	509,697
Management and consulting fees	76,458	36,324	260,854	250,062
Payroll and related	151,100	145,146	482,660	386,274
Total Expenses	428,631	335,528	1,355,093	1,146,033
Loss Before Other Income (Expense)	(159,475)	(217,517)	(767,525)	(737,716)
Other Income (Expense):				
Accretion of discounts on convertible debentures	(6,700)	(39,439)	(159,894)	(52,322)
Change in fair value of derivative liabilities	(21,984)	1,796	74,914	579
Gain on extinguishment of debt	10,792	-	50,199	-
Interest expense	(1,146)	(7,809)	(7,791)	(10,710)
Total Other Income (Expense)	(19,038)	(45,452)	(42,572)	(62,453)
Net Loss	(178,513)	(262,969)	(810,097)	(800,169)
Other Comprehensive Income (Loss):				
Foreign currency translation gain (loss)	-	(3,094)	60,910	(34,566)
Comprehensive Loss	\$ (178,513)	\$ (266,133)	\$ (749,187)	\$ (834,735)
Basic and Diluted Loss per Common Share	\$ -	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted Average Number of Common Shares Outstanding	58,898,128	34,750,404	51,807,019	34,241,351

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

IGEN NETWORKS CORP.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in U.S. dollars)

	Nine Months Ended September 30,	
	2018	2017
Cash Flows from Operating Activities		
Net loss	\$ (810,097)	\$ (800,169)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discounts on convertible debentures	159,894	52,322
Change in fair value of derivative liabilities	(74,914)	(579)
Depreciation	2,853	3,014
Gain on extinguishment of debt	(50,199)	-
Shares issued for services	45,413	39,447
Stock-based compensation	8,445	137,635
Changes in operating assets and liabilities:		
Accounts and other receivables	(233,736)	(69,748)
Inventory	(33,550)	(7,583)
Prepaid expenses and deposits	17,900	(13,354)
Restricted cash	-	(10,000)
Accounts payable and accrued liabilities	1,530	123,418
Deferred revenue	(3,240)	83,237
Net Cash Used in Operating Activities	(969,701)	(396,678)
Cash Flows from Investing Activities		
Purchase of equipment	(747)	-
Net Cash Used in Investing Activities	(747)	-
Cash Flows from Financing Activities		
Proceeds from notes payable	-	8,000
Repayment of notes payable and convertible debentures	(75,000)	(80,678)
Proceeds from convertible debentures	-	250,000
Proceeds from issuance of common stock	969,593	350,000
Net Cash Provided by Financing Activities	894,593	527,322
Effect of Foreign Exchange Rate Changes on Cash	60,910	(33,166)
Change in Cash and Restricted Cash	(14,945)	35,449
Cash and Restricted Cash, Beginning of Period	53,638	38,680
Cash and Restricted Cash, End of Period	\$ 38,693	\$ 74,129
Non-cash Investing and Financing Activities:		
Discount on convertible debt for derivative liabilities	\$ 6,698	\$ 227,527
Shares of common stock issued for prepaid services	\$ 77,402	\$ -
Conversion of convertible debenture and accrued interest to shares of common stock	\$ 203,309	\$ -

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

IGEN NETWORKS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

September 30, 2018

(Unaudited - Expressed in U.S. dollars)

1. Nature and Continuance of Operations

IGEN Networks Corp., (“IGEN”, or the “Company”) principal business is the development and marketing of software services for the automotive industry. The Company works with wireless carriers, hardware suppliers and software developers to provide direct and secure access to information on the vehicle and the driver’s behavior. The software services are delivered from the AWS Cloud to the consumer and their families over the wireless networks and accessed from any mobile or desktop device. The software services are marketed to automotive dealers, financial institutions, and direct-to-consumer through various commercial and consumer brands.

The accompanying condensed consolidated interim financial statements of the Company should be read in conjunction with the consolidated financial statements and accompanying notes filed with the U.S. Securities and Exchange Commission in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments of a recurring nature considered necessary to present fairly the Company’s financial position and the results of its operations and its cash flows for the periods shown.

The preparation of these condensed consolidated interim financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially from those estimates. The results of operations and cash flows for the periods shown are not necessarily indicative of the results to be expected for the full year.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which imply the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, on the ability of the Company to grow its revenue base, on its ability to successfully grow the companies in which it is invested, and on the ability of the Company to obtain necessary equity financing to both support the latter objectives and to invest in and grow new companies. The Company has recurring losses since inception, and incurred a net loss of \$810,097 during the nine-month period ended September 30, 2018, and had accumulated losses of \$11,033,385 and a working capital deficit of \$1,110,356 as at September 30, 2018. Although there are no assurances that management’s plans will be realized, management believes that the Company will be able to continue operations into the future. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies***Basic of Presentation and Consolidation***

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. This report should be read in conjunction with the audited consolidated financial statements and the footnotes thereto for the fiscal year ended December 31, 2017 included in the Company’s Form 10-K as filed with the Securities and Exchange Commission on April 17, 2018.

These condensed consolidated financial statements and related notes include the records of the Company and the Company’s wholly-owned subsidiaries, Nimbo Tracking LLC, and Medallion GPS both formed in the State of California, USA.

All intercompany transactions and balances have been eliminated. These consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), are expressed in U.S. dollars, and, in management’s opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Use of Estimates

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to allowance for doubtful accounts, valuation of inventory, the useful life and recoverability of equipment, impairment of goodwill, valuation of notes payable and convertible debentures, fair value of derivative liabilities, fair value of stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less at the time of acquisition to be cash equivalents.

Accounts Receivable

Accounts receivable are recognized and carried at the original invoice amount less an allowance for expected uncollectible amounts. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates including, among others, the customer's willingness or ability to pay, the Company's compliance with customer invoicing requirements, the effect of general economic conditions and the ongoing relationship with the customer. Accounts with outstanding balances longer than the payment terms are considered past due. We do not charge interest on past due balances. The Company writes off trade receivables when all reasonable collection efforts have been exhausted. Bad debt expense is reflected as a component of general and administrative expenses in the condensed consolidated statements of operations and comprehensive loss.

Inventory

Inventory consists of vehicle tracking and recovery devices and is comprised entirely of finished goods that can be resold. Inventory is stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs. There was no provision for inventory recorded as of September 30, 2018 and December 31, 2017.

Equipment

Office equipment, computer equipment, and software are recorded at cost. Depreciation is recorded over their estimated useful lives. Management reviews the estimates of useful lives of the assets every year and adjusts them on prospective basis, if needed. For purposes of computing depreciation, the method of depreciating equipment is as follows:

Computer equipment	55% declining balance
Office equipment	20% declining balance
Software	3 years straight-line

Goodwill

Goodwill represents the excess of the acquisition price over the fair value of identifiable net assets acquired. Goodwill is allocated at the date of the business combination. Goodwill is not amortized, but is tested for impairment annually, during the fourth quarter, or more frequently if events or changes in circumstances indicate the asset may be impaired. These events and circumstances may include a significant change in legal factors or in the business climate, a significant decline in the Company's share price, an adverse action of assessment by a regulator, unanticipated competition, a loss of key personnel, significant disposal activity and the testing of recoverability for a significant asset group.

The impairment testing is carried out in two steps. In the first step, the carrying amount of the reporting unit including goodwill is compared with its fair value. When the carrying amount of a reporting unit exceeds its fair value, goodwill of the reporting unit is considered to be impaired and the second step is necessary.

If the total of the expected undiscounted future cash flows is less than the carrying amount of the goodwill, a loss is recognized for the excess of the carrying amount over the fair value of the goodwill. Establishing an implied fair value of goodwill requires the Company to make estimates for key inputs into complex valuation models and to apply significant judgment in the selection of estimates, assumptions and methodologies required to complete the analysis. Areas of judgment include, but are not limited to, development of multi-year business cash flow forecasts, the selection of discount rates, and the identification and valuation of unrecorded assets.

Impairment of Long-lived Assets

The Company reviews long-lived assets, such as equipment, for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs. Subsequent expenditure relating to an item of office equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased.

Financial Instruments

In accordance with Financial Accounting Standard Board (“FASB”) Accounting Standards Codification (“ASC”) 820, “Fair Value Measurements and Disclosures,” the Company is to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The fair values of cash and restricted cash, accounts and other receivables, and accounts payable and accrued liabilities, approximate their carrying values due to the immediate or short-term maturity of these financial instruments. Foreign currency transactions are primarily undertaken in Canadian dollars. The fair value of cash and restricted cash is determined based on “Level 1” inputs and the fair value of derivative liabilities is determined based on “Level 3” inputs. The recorded values of notes payable, approximate their current fair values because of their nature and respective maturity dates or durations. The financial risk is the risk to the Company’s operations that arise from fluctuations in foreign exchange rates and the degree of volatility to these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk. Financial instruments that potentially subject the Company to concentrations of credit risk consists of cash and restricted cash. The Company places its cash in what it believes to be credit-worthy financial institutions.

Revenue Recognition and Deferred Revenue

We recognize revenue in accordance with Accounting Standards Codification (“ASC”) 606, “Revenue Recognition,” when there is persuasive evidence that an arrangement exists, title and risk of loss have passed, delivery has occurred or the services have been rendered, the sales price is fixed or determinable and collection of the related receivable is reasonably assured. Title and risk of loss generally pass to our customers upon delivery, as we have insurance for lost shipments. In limited circumstances where either title or risk of loss pass upon destination or acceptance or when collection is not reasonably assured, we defer revenue recognition until such events occur. We derive revenues from two primary sources: products and services. Product revenue includes the shipment of product according to the agreement with our customers. Services include vehicle tracking services and customer support (technical support), installations and consulting. A contract may include both product and services. Rarely, contracts with customers contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. Standalone selling prices are typically estimated based on observable transactions when these services are sold on a standalone basis.

The Company provides product warranties with varying lengths of time and terms. The product warranties are considered to be assurance-type in nature and do not cover anything beyond ensuring that the product is functioning as intended. Based on the guidance in ASC 606, assurance-type warranties do not represent separate performance obligations. The Company has historically experienced a low rate of product returns under the warranty program.

Management assesses the business environment, customers' financial condition, historical collection experience, accounts receivable aging, and customer disputes to determine whether collectability is reasonably assured. If collectability is not considered reasonably assured at the time of sale, the Company does not recognize revenue until collection occurs.

The Company has determined that the sale of its vehicle tracking devices and related service are considered one unit of accounting and the revenue related to the sale is deferred and recognized over the service term, typically one year.

Revenue relating to the sale of service renewal fees on its vehicle tracking and recovery services is recognized over the life of the contract. The service renewal fees are offered in terms ranging from 12 to 36 months and are generally payable in full upon renewal.

Any revenue that has been deferred and is expected to be recognized beyond one year is classified as deferred revenue, net of current portion.

Financing Costs and Debt Discount

Financing costs and debt discounts are recorded net of notes payable and convertible debentures in the condensed consolidated balances sheets. Amortization of financing costs and the debt discounts is calculated using the effective interest method over the term of the debt and is recorded as interest expense in the consolidated statements of operations and comprehensive loss.

Income Taxes

Deferred income taxes are provided on the asset and liability method whereby deferred income tax assets are recognized for deductible temporary differences and operating loss and tax credit carry-forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred income tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Foreign Currency Translation

The Company's reporting currency is the U.S. dollar. The consolidated financial statements of the Company are translated to U.S. dollars in accordance with ASC 830, "Foreign Currency Translation Matters". Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets, liabilities and items recorded in income arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income.

Stock-Based Compensation

The estimated fair values of employee stock option grants are determined as of the date of grant using the Black-Scholes option pricing model. This method incorporates the fair value of our common stock at the date of each grant and various assumptions such as the risk-free interest rate, expected volatility based on the historic volatility of publicly-traded peer companies, expected dividend yield, and expected term of the options. The estimated fair values of restricted stock awards are determined based on the fair value of our common stock on the date of grant. The estimated fair values of stock-based awards, including the effect of estimated forfeitures, are expensed over the requisite service period, which is generally the awards' vesting period. We classify stock-based compensation expense in the consolidated statement of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified.

Our accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the guidance of ASC 718, "Compensation – Stock Compensation". All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date at which a commitment for performance is reached. For transactions in which the fair value of the equity instrument issued to non-employees is the more reliable measurement and a measurement date has not been reached, the fair value is re-measured at each vesting and reporting date using the Black-Scholes option pricing model. Compensation expense for these share-based awards is recognized over the term of the consulting agreement or until the award is approved and settled.

Loss Per Share

Basic earnings (loss) per share are computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted earnings per share give effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible debentures, using the if-converted method. In computing diluted earnings (loss) per share, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted earnings (loss) per share exclude all potentially issuable shares if their effect is anti-dilutive. Because the effect of conversion of the Company's dilutive securities is anti-dilutive, diluted loss per share is the same as basic loss per share for the periods presented. As of September 30, 2018 and December 31, 2017, the Company has 9,746,339 and 13,021,952 potentially dilutive shares outstanding, respectively.

Comprehensive Income (Loss)

ASC 220, "Comprehensive Income" establishes standards for the reporting and display of comprehensive income and its components in the consolidated financial statements. For the three and nine months ended September 30, 2017, comprehensive income (loss) consists of foreign currency translation losses.

Reclassifications

Certain reclassifications have been made to the prior period's consolidated financial statements to conform to the current period's presentation.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers". This new standard replaces most of the existing revenue recognition guidance in U.S. GAAP permits the use of either the retrospective or cumulative effect transition method. The new standard, as amended, became effective in the first quarter of fiscal year 2018. The Company adopted the standard using the modified retrospective method. There was no effect for any adjustments to retained earnings (accumulated deficit) upon adoption of the standard on January 1, 2018.

In February 2016, the FASB issued new lease accounting guidance in ASU No. 2016-02, "Leases". This new guidance was initiated as a joint project with the International Accounting Standards Board to simplify lease accounting and improve the quality of and comparability of financial information for users. This new guidance would eliminate the concept of off-balance sheet treatment for "operating leases" for lessees for the vast majority of lease contracts. Under ASU No. 2016-02, at inception, a lessee must classify all leases with a term of over one year as either finance or operating, with both classifications resulting in the recognition of a defined "right-of-use" asset and a lease liability on the balance sheet. However, recognition in the income statement will differ depending on the lease classification, with finance leases recognizing the amortization of the right-of-use asset separate from the interest on the lease liability and operating leases recognizing a single total lease expense. Lessor accounting under ASU No. 2016-02 would be substantially unchanged from the previous lease requirements under GAAP. ASU No. 2016-02 will take effect for public companies in fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted and for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, lessees and lessors must apply a modified retrospective transition approach. The Company is currently evaluating the new guidance and have not determined the impact this standard may have on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows: Classification of Restricted Cash", which updates the guidance as to how restricted cash should be presented and classified. The updates are intended to reduce diversity in practice. The amendments are effective for fiscal years beginning after December 15, 2017, including interim periods within those annual periods, with early adoption permitted. The Company adopted the standard on January 1, 2018 by using the retrospective transition method. Adoption of the standard effected the presentation of cash in the Company's condensed consolidated statements of cash flows and related disclosures, restricted cash of \$25,000 and 25,000 have been reclassified within the condensed consolidated balance sheets for the periods presented as cash.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles – Goodwill and Other". ASU 2017-04 simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value but the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The amendment should be applied on a prospective basis and is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company does not expect ASU 2017-04 to have a material effect on the Company's consolidated financial position, results of operations and cash flows.

In May 2017, the FASB issued ASU 2017-09, "Compensation - Stock Compensation: Scope of Modification Accounting." The amendments in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting under Topic 718. An entity should account for effects of a modification unless all of the following are met: (1) the fair value of the modified award is the same as the fair value of the original award immediately before the original award is modified; (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified; (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. The Company adopted this standard on January 1, 2018. Adoption of the standard did not have an effect on the Company's financial position, results of operations and cash flows.

The Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its consolidated financial position or results of operations.

3. Accounts and Other Receivables

	September 30, 2018	December 31, 2017
Trade accounts receivable	\$ 297,964	\$ 55,575
GST and other receivables	22	164
Allowance for doubtful accounts	(10,129)	(1,618)
	<u>\$ 287,857</u>	<u>\$ 54,121</u>

4. Goodwill

As of September 30, 2018 and December 31, 2017, the Company had goodwill of \$505,508 related to the acquisition of Nimbo.

5. Accounts Payable and Accrued Liabilities

	September 30, 2018	December 31, 2017
Trade accounts payable	\$ 625,142	\$ 623,375
Accrued liabilities	22,341	49,696
Accrued interest payable	14,798	17,057
Payroll and commissions payable	114,823	84,299
Unrecognized tax position	80,000	80,000
Taxes payable	1,911	4,481
	<u>\$ 859,015</u>	<u>\$ 858,908</u>

6. Notes Payable

- (a) As of September 30, 2018 and December 31, 2017, the Company had a note payable with a principal balance of \$0 and \$11,952 (Cdn\$15,000), respectively, owed to a director, which was unsecured, bore interest at 5% per annum, and was due on October 30, 2017. During the nine months ended September 30, 2018, the Company repaid all amounts due related to this note payable.
- (b) On March 23, 2017, the Company entered into a loan agreement with a third party for a principal amount of \$8,695, which included a one-time loan fee of \$695, which was charged to interest expense. The note payable was unsecured, non-interest bearing, and required minimum payments of 10% of the loan every ninety days from the start date of March 26, 2017. 25% of all funds processed through the Company's PayPal account were used to pay off the loan. During the nine months ended September 30, 2018, the Company repaid all amounts due under the loan. As of December 31, 2017, the balance of the note payable was \$2,626.

7. Convertible Debentures

- (a) On March 30, 2017, the Company issued a convertible debenture to a third party in the principal amount of \$50,000 which was unsecured, bore interest at 12% per annum, calculated monthly, and was due on September 30, 2017. Subject to the approval of the holder of the convertible debenture, the Company could convert any or all of the principal and/or interest at any time following the six month anniversary of the issuance date of the convertible debenture (September 30, 2017) into common shares of the Company at a price per share equal to a 20% discount to the fair market value of the Company's common stock. The estimated fair value of the derivative liability (conversion feature) resulted in a discount to the convertible debenture of \$32,127, which was accreted over the term of the convertible debenture. During the year ended December 31, 2017, \$32,127 of amortization expense was recorded. On February 28, 2018 the holder converted the note and accrued interest into 806,916 shares of common stock and the Company recorded a \$39,407 gain on the settlement of debt as a result of the removal of the associated derivative liability for the conversion feature. As of December 31, 2017, the carrying value of the convertible debenture was \$50,000.
- (b) On August 7, 2017, the Company issued a convertible debenture to a third party in the principal amount of \$161,250 with an original issuance discount of \$11,250 and incurred \$3,500 of financing costs to a third party, which is unsecured, bears interest at 5% per annum, and is due on August 7, 2018. The holder may convert any or all of the principal and/or interest at any time following the six month anniversary of the issuance date of the convertible debenture (February 7, 2018) into common shares of the Company at a price per share equal to 75% multiplied by the closing price of the Company's common stock preceding the trading day that the Company receives a notice of conversion. The estimated fair value of the derivative liability (conversion feature) of \$153,827 resulted in a discount to the convertible debenture, which will be amortized over the term of the convertible debenture. In August 2018, the Company provided an additional principal to the convertible debenture of \$10,000 on the same terms. During the nine months ended September 30, 2018, the note holder converted \$91,250 of principal into 2,908,809 shares of common stock and the Company made \$20,000 of principal payments. During the nine-month period ended September 30, 2018 and the year ended December 31, 2017, \$106,197 and \$47,632, respectively, of amortization expense was recorded. As of September 30, 2018 and December 31, 2017, the carrying value of the convertible debenture is \$60,000 and \$55,055, respectively.
- (c) On December 18, 2017, the Company issued a convertible debenture to a third party in the principal amount of \$55,000 with an original issuance discount of \$5,000 and incurred \$1,500 of financing costs to a third party, which is unsecured, bears interest at 2% per annum, and is due on June 18, 2018. The holder may convert any or all of the principal and/or interest at any time following the six month anniversary of the issuance date of the convertible debenture (June 18, 2018) into common shares of the Company at a price per share equal to 75% multiplied by the closing price of the Company's common stock preceding the trading day that the Company receives a notice of conversion. The estimated fair value of the derivative liability (conversion feature) of \$47,071 resulted in a discount to the convertible debenture, which will be amortized over the term of the convertible debenture. During the nine-month period ended September 30, 2018 and the year ended December 31, 2017, \$46,859 and \$72, respectively, of amortization expense was recorded. During the nine months ended September 30, 2018, the Company repaid the debenture. On July 5, 2018, the Company provided an additional principal to the convertible debenture of \$20,000 on the same terms. The estimated fair value of the derivative liability (conversion feature) of \$6,698 resulted in a discount to the convertible debenture, which was amortized in full during the period. On September 19, 2018, the holder converted \$5,000 of principal, leaving a balance of \$15,000 as of September 30, 2018. As of September 30, 2018 and December 31, 2017, the carrying value of the convertible debenture is \$15,000 and \$8,001, respectively.

8. Derivative Liabilities

During the year ended December 31, 2017, the Company issued share purchase warrants as part of private placements with exercise prices denominated in Canadian dollars, which differs from the Company's functional currency of U.S. dollars and cannot be considered to be indexed to the Company's own stock. The Company records the fair value of its share purchase warrants with a Cdn\$ exercise price in accordance with ASC 815. The fair value of the derivative liabilities is revalued quarterly with corresponding gains and losses recorded in the consolidated statement of operations. As at September 30, 2018 and December 31, 2017, the Company had a derivative liability of \$0 and \$7,642, respectively, relating to the share purchase warrants. The Company uses a multi-nominal lattice model to fair value the derivative liabilities. The following inputs and assumptions were used to value the share purchase warrants denominated in Canadian dollars during the nine months ended September 30, 2018 and 2017, assuming no expected dividends:

	September 30, 2018	September 30, 2017
Expected volatility	-%	196%
Risk free interest rate	-%	1.06%
Expected life (in years)	-	0.5

During the year ended December 31, 2017, the Company issued a convertible debenture with variable exercise prices based on market rates (Note 7). The Company records the fair value of its convertible debenture with variable exercise prices based on future market rates in accordance with ASC 815. The fair value of the derivative liabilities are revalued on each balance sheet date with corresponding gains and losses recorded in the consolidated statement of operations and comprehensive loss. As of September 30, 2018 and December 31, 2017, the Company had a derivative liability of \$37,691 and \$227,163, respectively, relating to the conversion feature of the convertible debenture. The Company uses a multi-nominal lattice model to fair value the derivative liabilities. The following inputs and assumptions were used to value the convertible debentures outstanding during the nine months ended September 30, 2018 and 2017, assuming no expected dividends:

	September 30, 2018	September 30, 2017
Expected volatility	334-398%	180-243%
Risk free interest rate	1.49-1.73%	1.06-1.47%
Expected life (in years)	0.0-0.4	0.25-1.59

During the nine months ended September 30, 2018 and 2017, the Company recorded a gain on the change in fair value of derivative liabilities of \$74,914 and \$579, respectively.

9. Related Party Transactions

- (a) During the nine months ended September 30, 2018 and 2017, the Company incurred \$137,473 and \$186,983, respectively, in management and consulting fees to two officers and a company controlled by a director.
- (b) As at September 30, 2018 and December 31, 2017, the Company owed \$42,072 and \$133,535, respectively, to directors and officers of the Company and a company controlled by a director, which is included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing, and due on demand.

10. Stockholders' Deficit

Share transactions for the nine months ended September 30, 2018:

- (a) On January 1, 2018, the Company issued 274,020 shares of common stock with a fair value of \$27,402 based on the closing price of the Company's common stock for consulting services.
- (b) On January 22, 2018, the Company issued 2,777,778 shares of common stock of \$0.07 per share for proceeds of \$200,000.
- (c) On January 29, 2018, the Company issued 5,000,000 shares of common stock at \$0.08 per share for proceeds of \$400,000.
- (d) On February 28, 2018, the Company issued 806,916 shares of common stock with a fair value of \$56,000 for the extinguishment of \$50,000 of principal, \$6,000 of accrued interest, and \$39,407 of derivative liability related to one of the Company's convertible debt instruments. The Company recognized a gain on extinguishment of debt of \$39,407.
- (e) On May 21, 2018, the Company issued 1,250,000 shares of common stock with a fair value of \$50,000 for board of director services. The services will be provided over a one year period. As of September 30, 2018, the Company has recorded \$18,011 of expense and has a prepaid asset of \$31,989.
- (f) On June 1, 2018, the Company issued 3,333,333 shares of common stock at \$0.06 per share for proceeds of \$200,000.
- (g) On July 10, 2018, the Company issued 1,875,000 shares of common stock at \$0.04 per share for proceeds of \$75,000.
- (h) On July 20, 2018, the Company issued 2,000,000 shares of common stock at \$0.04 per share for proceeds of \$75,604.
- (i) On July 25, 2018, the Company issued 500,000 shares of common stock at \$0.04 per share for proceeds of \$18,989.
- (j) During the nine months ended September 30, 2018, the Company issued a total of 2,908,809 shares of common stock with a fair value of \$139,974 for the extinguishment of \$91,250 of principal and \$53,147. The Company recognized a gain extinguishment of debt of \$4,423.
- (k) On September 19, 2018, the Company issued 146,666 shares of common stock with a fair value of \$7,333 for the extinguishment of \$5,000 of principal and \$1,853 of derivative liability related to one of the Company's convertible debt instruments. The Company recognized a loss on extinguishment of debt of \$480.

11. Segments

The Company has one reportable segment: vehicle tracking and recovery solutions. The Company allocates resources to and assesses the performance of each reportable segment using information about its revenue and operating income (loss). The Company does not evaluate operating segments using discrete asset information.

The following table summarizes the financial performance of the Company's reportable segments:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Vehicle tracking and recovery solutions	\$ 1,073,489	\$ 1,041,789
Total consolidated net revenue	\$ 1,073,489	\$ 1,041,789

Segmentation by geographical location is not presented as all revenues are earned in U.S. Total assets by segment are not presented as that information is not used to allocate resources or assess performance at the segment level.

12. Concentration Risk

The Company extends credit to customers on an unsecured basis in the normal course of business. The Company's policy is to perform an analysis of the recoverability of its receivables at the end of each reporting period and to establish allowances where appropriate. The Company analyzes historical bad debts and contract losses, customer concentrations, and customer credit-worthiness when evaluating the adequacy of the allowances.

During the three months ended September 30, 2018 and 2017, the Company had two and three customers which accounted for 75% and 72% of total sales, respectively. During the nine months ended September 30, 2018 and 2017, the Company had two and one customers which accounted for 65% and 48% of total sales, respectively.

As at September 30, 2018 and December 31, 2017, the Company had three and three customers which accounted for 87% and 100% of accounts receivable, respectively.

13. Subsequent Event

On October 8, 2018, the Company issued 3,333,333 shares of common stock for proceeds of \$200,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") provides information for the nine-month period ended September 30, 2018. This MD&A should be read together with our unaudited condensed consolidated interim financial statements and the accompanying notes for the nine-month period ended September 30, 2018 (the "consolidated financial statements"). The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Except where otherwise specifically indicated, all amounts in this MD&A are expressed in United States dollars.

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws. You should carefully read the cautionary note in this MD&A regarding forward-looking statements and should not place undue reliance on any such forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements".

Additional information about the Company, including our most recent consolidated financial statements and our Annual Information Form, is available on our website at www.igen-networks.com, or on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Cautionary Note Regarding Forward-looking Statements

Certain statements and information in this MD&A may not be based on historical facts and may constitute forward-looking statements or forward-looking information within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities laws ("forward-looking statements"), including our business outlook for the short and longer term and our strategy, plans and future operating performance. Forward-looking statements are provided to help you understand our views of our short and longer term prospects. We caution you that forward-looking statements may not be appropriate for other purposes. We will not update or revise any forward-looking statements unless we are required to do so by securities laws. Forward-looking statements:

- Typically include words and phrases about the future such as "outlook", "may", "estimates", "intends", "believes", "plans", "anticipates" and "expects";
- Are not promises or guarantees of future performance. They represent our current views and may change significantly;
- Are based on a number of assumptions, including those listed below, which could prove to be significantly incorrect:
 - Our ability to find viable companies in which to invest
 - Our ability successfully manage companies in which we invest
 - Our ability to successfully raise capital
 - Our ability to successfully expand and leverage the distribution channels of our portfolio companies;
 - Our ability to develop new distribution partnerships and channels
 - Expected tax rates and foreign exchange rates.
- Are subject to substantial known and unknown material risks and uncertainties. Many factors could cause our actual results, achievements and developments in our business to differ significantly from those expressed or implied by our forward-looking statements. Actual revenues and growth projections of the Company or companies in which we are invested may be lower than we expect for any reason, including, without limitation:
 - the continuing uncertain economic conditions
 - price and product competition
 - changing product mixes,
 - the loss of any significant customers,
 - competition from new or established companies,
 - higher than expected product, service, or operating costs,
 - inability to leverage intellectual property rights,
 - delayed product or service introductions

Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results.

Overview

During the nine months of 2018 the Company continues to focus on initiatives to grow revenue, expand its customer base, and develop new channels through its wholly owned subsidiaries Nimbo Tracking and Medallion GPS. Further expansion of IGEN's distribution channels were completed with new hires in Atlanta, Texas and Southern California regions.

Notable highlights of the nine-month period ended September 30, 2018 include the following Company achievements:

- The Company achieved nine-month gross profit of \$587,525 which represented a 44% increase from the period in 2017. Gross margin percentage increased to 55% from 39% in the same period in the prior year.
- The Company increased its current assets to \$398,624, a significant increase of 202% over the nine months.
- The Company completed its transition to Amazon Web Services to facilitate growth, scalability, and its next generation platform.
- The Company joined the Sprint IoT Factory to expand its access to automotive dealerships and small business customers.
- The appointment of Jackie Kimzey as Independent Director to IGEN's Board of Directors.
- The Company announces \$250,000 Dealer Pre-Load order with east-coast dealership group.
- The Company launches first ever vehicle centric driver scorecard as part of next generation automotive IoT platform.
- The Company announces nationwide distribution agreement and marketing agreement with Advantage Parts Solutions covering 50 markets in the United States of America.
- The Company announces exclusive white-labeled CU Track Product available for sales on Sprint's IoT Platform.

Financial Condition and Results of Operations

Capital Resources and Liquidity

Current Assets and Liabilities, Working Capital, Net Debt

As of September 30, 2018, the Company's current assets were \$398,624, a significant increase of 202% over the quarter. Contributing to the net increase to current assets was an \$969,593 increase in cash related to the issuance of common stock during the nine months.

Current liabilities dropped \$338,491, or 18%, over the nine months.

The Company finished the nine months of 2018 with a working capital deficiency of \$1,110,356, an improvement of \$604,921 over the nine months. Of the total working capital deficiency, \$537,273 is short-term deferred revenue liabilities that will convert to revenue, \$37,691 is non-cash derivative liabilities associated with convertible debentures (see Note 8 to the consolidated financial statements). During the nine months ended September 30, 2018, the Company raised \$969,593 in cash proceeds from the sale of shares of the Company's common stock. The Company intends to improve its working capital position through ongoing equity and debt financing and continued focus on growth in its cash flow.

Total Assets and Liabilities, Total Stockholders' Equity (Deficit)

The Company's total assets as of September 30, 2018 were \$904,879 an increase of \$264,324 over the nine months. This increase was commensurate with the respective changes in current assets previously discussed; changes in noncurrent assets were not significant.

Total liabilities decreased (\$245,238 or 12%) over the nine months. This slight decrease was composed primarily of the \$189,472 decrease in derivative liabilities and a decrease of \$38,056 in convertible debentures during the nine months.

The above resulted in total stockholders' deficit of \$880,930, an increase of \$509,562 from December 31, 2017. This change is mainly a result of the net loss for the nine months ended September 30, 2018, offset by the \$969,593 of cash proceeds from the sale of shares of the Company's common stock during the nine months.

As of the date of these financial statements, the Company believes it has access to adequate working capital and projected net revenues to maintain existing operations for approximately 6 months without requiring additional funding. The Company's business plan is predicated on raising further capital for the purpose of further investment and acquisition of targeted technologies and companies, to fund growth in these technologies and companies, and to expand sales and distribution channels for companies it currently owns or is invested. It is anticipated the Company will continue to raise additional capital through private placements and debt financing in the both the near and medium term.

Results of Operations

Revenues and Net Loss For the Three Months Ended September 30, 2018

Revenues

The Company had revenues of \$384,477 for the three months ended September 30, 2018, a 20% increase over the similar period in 2017. Sales increase was due primarily to a large sale to a customer in September 2018.

The three-month gross profit of \$269,156 was a 128% increase from the same period in 2017.

Similarly, gross profit for the three months of 70% was an increase of 37% reported in the same period in 2017.

The Company continues to review hardware, inventory, and order fulfillment strategies as well as product and service pricing and delivery models to grow sales and maximize overall margins.

In Q2 of 2017, the Company implemented a pricing model based on initial lower margin sales of services and hardware that is pre-loaded in automotive dealership lots, with follow-on high margin revenue generated by subsequent sell-through to end customers. The Company anticipates this pricing, margin, and revenue recognition model will continue to grow in 2018.

Expenses

Expenses for the three months ended September 30, 2018 totaled \$447,669, of which \$428,631 were operating expenses, representing a 18% increase reported the same period in 2017. Included in other income (expenses) for the three months ended September 30, 2018 is \$21,984 of change in fair value of derivative liabilities. The Company also recorded a gain of \$10,792 related to the settlement of debt for the three months ended September 30, 2018. The Company experienced additional expenses primarily from product development, expansion of its sales channels and an increase investment in marketing of its Medallion GPS brand. The Company anticipates increases in development-associated labor and material costs as it completes the launch of its next generation platform. The Company will also expand its sales channels to support the Sprint IoT Factory initiative launched earlier this quarter.

Net Loss

The Company had a net loss of \$178,513 for the three months ended September 30, 2018, a decrease of \$84,456 over the same period in 2017, for the reasons noted above.

The Company continues to invest in personnel, channels, and product development in order to drive revenue growth and increase gross profits sufficient to enable the Company to achieve profitability.

Revenues and Net Loss For the Nine Months Ended September 30, 2018

Revenues

The Company had revenues of \$1,073,364 for the nine months ended September 30, 2018, a 3% increase over the similar period in 2017. Sales increase was due primarily to a large sale to a customer in September 2018.

The nine-month gross profit of \$587,568 was a 44% increase from the same period in 2017.

Similarly, gross profit for the nine months of 55% was a significant increase over gross margins of 39% reported in the same period in 2017. The growth in gross margins over the previous quarter was due to a larger percentage of high-margin deferred revenues being recognized in the recent quarter, combined with a marginal drop in service sales. Additionally, in fourth quarter of 2017, the Company changed its wireless carrier, resulting in additional costs savings during the nine months ended September 30, 2018.

The Company continues to review hardware, inventory, and order fulfillment strategies as well as product and service pricing and delivery models to grow sales and maximize overall margins.

In Q2 of 2017, the Company implemented a pricing model based on initial lower margin sales of services and hardware that is pre-loaded in automotive dealership lots, with follow-on high margin revenue generated by subsequent sell-through to end customers. The Company anticipates this pricing, margin, and revenue recognition model will continue to grow in 2018.

Expenses

Expenses for the nine months ended September 30, 2018 totaled \$1,397,665, of which \$1,355,093 were operating expenses, representing an 16% increase reported the same period in 2017. Included in other income (expenses) for the nine months ended September 30, 2018 is \$159,894 of accretion of discounts on convertible debentures. This amount represents that portion of the debt discounts that have been recorded to the statement of operations and comprehensive loss using the effective interest method (see Note 7 of the accompanying condensed consolidated financial statements). The Company experienced additional expenses primarily from product development, expansion of its sales channels and an increase investment in marketing of its Medallion GPS brand. The Company anticipates increases in development-associated labor and material costs as it completes the launch of its next generation platform. The Company will also expand its sales channels to support the Sprint IoT Factory initiative launched earlier this quarter.

Net Loss

The Company had a net loss of \$810,097 for the nine months ended September 30, 2018, an increase of \$9,928 over the same period in 2017, for the reasons noted above.

The Company continues to invest in personnel, channels, and product development in order to drive revenue growth and increase gross profits sufficient to enable the Company to achieve profitability.

Cash Flows and Cash Position

The Company saw a decrease of \$14,945 in cash over the nine months ended September 30, 2018. Net cash of \$969,701 used in operating activities was offset by net financing cash of \$894,593 raised via private placements net of repayment of notes payable. Cash at the end of the period was \$38,693.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, the Company is not required to provide the information required by this item.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

The Company carried out an evaluation, with the participation of all the Company's officers, of the effectiveness of the Company's disclosure controls and procedures as of September 30, 2018. The conclusions of the Company's principal officers was that the disclosure controls and procedures in place are not effective such that, the information required to be disclosed in our exchange and commission reports was not a) recorded, processed, summarized and reported within the time periods specified in the appropriate exchange and commission rules and forms, and b) accumulated and communicated to our management, including our chief executive officer and chief operating officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

During the last fiscal quarter there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II
OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not party to any legal proceedings.

Item 1A. Risk Factors.

As a smaller reporting company, the Company is not required to provide the information required by this item, however for a discussion of risk factors affecting the Company please refer to the *Cautionary Note Regarding Forward-looking Statements* included in Part I Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the nine months covered by this report and ended September 30, 2018, the following securities were sold or issued:

- (a) On January 1, 2018, the Company issued 274,020 shares of common stock with a fair value of \$27,402 based on the closing price of the Company's common stock for consulting services rendered.
- (b) On January 22, 2018, the Company issued 2,777,778 shares of common stock of \$0.07 per share for proceeds of \$200,000.
- (c) On January 29, 2018, the Company issued 5,000,000 shares of common stock at \$0.08 per share for proceeds of \$400,000.
- (d) On February 28, 2018, the Company issued 806,916 shares of common stock for the conversion of \$50,000 of principal and \$6,000 of accrued interest related to one of the Company's convertible debt instruments.
- (e) On May 21, 2018, the Company issued 1,250,000 shares of common stock with a fair value of \$50,000 for board of director services. The services will be provided over a 12-month period.
- (f) On June 1, 2018, the Company issued 3,333,333 shares of common stock at \$0.06 per share for proceeds of \$200,000.
- (g) On July 10, 2018, the Company issued 1,875,000 shares of common stock at \$0.04 per share for proceeds of \$75,000.
- (h) On July 30, 2018, the Company issued 2,000,000 shares of common stock at \$0.04 per share for proceeds of \$75,605.
- (i) On July 28, 2018, the Company issued 500,000 shares of common stock at \$0.04 per share for proceeds of \$18,989.
- (j) During the nine months ended September 30, 2018, the Company issued a total of 2,908,809 shares of common stock to a note holder for the conversion of \$91,250 of principal.
- (k) On September 19, 2018, the Company issued 146,666 shares of common stock for the conversion of \$5,000 of principal related to one of the Company's convertible debt instruments.

Item 3. Defaults Upon Senior Securities.

There has been no material default in the payment of any element of indebtedness of the Company. The Company has no preferred stock for which dividends are paid, hence no related arrearage or delinquencies in payments of dividends.

Item 4. Mine Safety Disclosures.

The Company is not an operator, nor has a subsidiary that is an operator, of a coal or other mine.

Item 5. Other Information.

During the period covered by this report there was no information, required to be disclosed in a report on Form 8-K, that was not reported.

During the period covered by this report there were no material changes to the procedures by which security holders may recommend nominees to the registrant's board of directors.

Item 6. Exhibits.

Exhibit	Index
31.1	Certification – Rule 13(a)-14(a)/15d-14(a) - CEO
32.1	Certification – Section 1350 - CEO
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IGEN Networks Corp

November 19, 2018

By: /s/ Neil Chan
Neil Chan
Chief Executive Officer and Director
(Principal Executive Officer, Principal Financing
Officer and Principal Accounting Officer)