



**NOBLE IRON INC.**

**INTERIM CONDENSED**

**CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

Expressed in Canadian Dollars

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020  
AND 2019**

# NOBLE IRON INC.

## CONTENTS

<b>INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b>	<b><u>Page</u></b>
Management's comments on Unaudited Interim Condensed Consolidated Financial Statements	1
Interim Condensed Consolidated Statements of Financial Position	2
Interim Condensed Consolidated Statements of Comprehensive Loss	3
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity	4
Interim Condensed Consolidated Statements of Cash Flows	5
Notes to Interim Condensed Consolidated Financial Statements	6-15

**MANAGEMENT’S COMMENTS ON  
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Noble Iron Inc. (the “Company”), have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity’s auditor.

# NOBLE IRON INC.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

AS AT JUNE 30, 2020 AND DECEMBER 31, 2019

In Canadian Dollars

	<i>Notes</i>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash		4,606,661	4,868,869
Trade receivables		730,082	559,254
Prepayment and other assets		280,433	283,192
<b>Total current assets</b>		<b>5,617,176</b>	<b>5,711,315</b>
<b>Non-current assets</b>			
Intangible assets		46,373	57,674
Property and equipment		73,390	91,063
Right of use assets		366,175	413,929
Other long-term assets		157,797	150,387
<b>Total non-current assets</b>		<b>643,735</b>	<b>713,053</b>
<b>Total assets</b>		<b>6,260,911</b>	<b>6,424,368</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Trade and other payables		677,767	772,423
Contract liabilities		177,861	231,378
Lease liabilities		99,209	92,380
<b>Total current liabilities</b>		<b>954,837</b>	<b>1,096,181</b>
<b>Non-current liabilities</b>			
Lease liabilities		295,724	345,261
Long term notes	3	118,985	-
<b>Total non-current liabilities</b>		<b>414,709</b>	<b>345,261</b>
<b>Total liabilities</b>		<b>1,369,546</b>	<b>1,441,442</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	5	36,471,467	36,471,467
Other reserves		4,303,144	4,302,423
Accumulated other comprehensive income		2,349,685	2,377,894
Accumulated deficit		(38,232,931)	(38,168,858)
<b>Total equity</b>		<b>4,891,365</b>	<b>4,982,926</b>
<b>Total equity and liabilities</b>		<b>6,260,911</b>	<b>6,424,368</b>

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

# NOBLE IRON INC.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue	1,537,648	1,516,385	2,893,852	2,956,887
Cost of revenue	83,857	194,298	207,336	368,120
<b>Gross profit</b>	<b>1,453,791</b>	<b>1,322,087</b>	<b>2,686,516</b>	<b>2,588,767</b>
<b>Operating expenses</b>				
General and administrative	533,547	799,196	1,262,317	1,628,718
Research and development	298,811	790,133	779,404	1,449,471
Sales and marketing	160,651	416,047	535,711	813,044
Support, maintenance and delivery	178,824	300,837	478,721	667,198
<b>Income / (loss) from operations</b>	<b>281,958</b>	<b>(984,126)</b>	<b>(369,637)</b>	<b>(1,969,664)</b>
<b>Finance cost / (income)</b>				
Interest income	(5,581)	(5,831)	(702)	(10,103)
Foreign exchange (gain) / loss	(112,910)	(3,199)	(304,862)	18,700
<b>Income / (loss) before taxation</b>	<b>400,449</b>	<b>(975,096)</b>	<b>(64,073)</b>	<b>(1,978,261)</b>
Income tax	-	-	-	-
<b>Net income / (loss)</b>	<b>400,449</b>	<b>(975,096)</b>	<b>(64,073)</b>	<b>(1,978,261)</b>
<b>Other comprehensive income / (loss)</b>				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation adjustment	(196,585)	(139,389)	(28,209)	(299,521)
<b>Total comprehensive income / (loss)</b>	<b>203,864</b>	<b>(1,114,485)</b>	<b>(92,282)</b>	<b>(2,277,782)</b>
<b>Income / (loss) per share</b>				
Basic and diluted	0.01	(0.04)	(0.00)	(0.07)

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

# NOBLE IRON INC.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

	Share Capital No.	Share Capital \$	Other reserves \$	Accumulated other comprehensive income \$	Accumulated deficit \$	Total equity \$
Balance, January 1, 2019	27,267,479	36,471,467	4,280,434	2,719,826	(34,408,480)	9,063,247
Loss for the period	-	-	-	-	(1,978,261)	(1,978,261)
Other comprehensive loss	-	-	-	(299,521)	-	(299,521)
Total comprehensive loss	-	-	-	(299,521)	(1,978,261)	(2,277,782)
Share-based payments	-	-	14,076	-	-	14,076
Balance, June 30, 2019	27,267,479	36,471,467	4,294,510	2,420,305	(36,386,741)	6,799,541
Balance, January 1, 2020	27,267,479	36,471,467	4,302,423	2,377,894	(38,168,858)	4,982,926
Loss for the period	-	-	-	-	(64,073)	(64,073)
Other comprehensive loss	-	-	-	(28,209)	-	(28,209)
Total comprehensive loss	-	-	-	(28,209)	(64,073)	(92,282)
Share-based payments	-	-	721	-	-	721
<b>Balance, June 30, 2020</b>	<b>27,267,479</b>	<b>36,471,467</b>	<b>4,303,144</b>	<b>2,349,685</b>	<b>(38,232,931)</b>	<b>4,891,365</b>

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

# NOBLE IRON INC.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

	<i>Notes</i>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Net loss		(64,073)	(1,978,261)
Adjustments for:			
Amortization and depreciation		77,643	119,181
Share-based payments		721	14,076
Interest expense / (income)	3	216	(10,103)
Unrealized foreign exchange (gain) / loss		(14,751)	219,117
Long term loan forgiveness for operating activities	3	(102,453)	-
Changes in working capital	7	(316,242)	110,457
		<b>(418,939)</b>	<b>(1,525,533)</b>
Interest paid		(13,126)	(10,160)
<b>Net cash used in operating activities</b>		<b>(432,065)</b>	<b>(1,535,693)</b>
<b>Investing activities</b>			
Interest received		3,346	20,596
Purchase of property and equipment		(1,825)	(68,399)
<b>Net cash used in investing activities</b>		<b>1,521</b>	<b>(47,803)</b>
<b>Financing activities</b>			
Payment of lease liabilities		(40,046)	(19,032)
Proceeds from long-term notes	3	223,081	-
<b>Net cash used in financing activities</b>		<b>183,035</b>	<b>(19,032)</b>
Effects of exchange rate differences on cash and cash equivalents		(14,699)	(506,118)
Net decrease in cash and cash equivalents		(247,509)	(1,602,528)
Cash, beginning of period		4,868,869	7,756,049
<b>Cash, end of period</b>		<b>4,606,661</b>	<b>5,647,403</b>

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

# NOBLE IRON INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

---

### 1. Corporate information:

Noble Iron Inc. (the "Company") was incorporated under the Company Act (British Columbia) and was continued under the Business Corporations Act (Ontario) on November 5, 2008. The address of the Company's registered office is 90 Woodlawn Road West, Guelph, Ontario, N1H 1B2. The Interim condensed consolidated financial statements of the Company, as at and for the three and six months ended, June 30, 2020 and 2019, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

Noble Iron Inc. is listed on the TSX-Venture Exchange under the symbol NIR. The Company operates in enterprise asset management software for the construction and industrial equipment industry under the name "Texada Software".

Texada Software develops software applications to manage the complete equipment ownership lifecycle: from equipment purchasing, rental and sales transactions, inventory management, maintenance and depreciation tracking through to used equipment sales, disposal, and inventory replenishment. Texada Software offers in the cloud or client-based software and is scalable to meet the needs of any equipment rental company, dealership, construction company, contractor, and any customer who owns or uses construction or industrial equipment.

### 2 Basis of preparation:

#### (a) Statement of compliance:

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". The notes presented in these interim condensed consolidated financial statements include only significant changes and transactions occurring since the Company's last year end and are not fully inclusive of all disclosure required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements.

These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended December 31, 2019 and 2018, (the "2018 Annual Financial Statements") which are available on SEDAR and have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 17, 2020.

These interim condensed consolidated financial statements follow the same accounting policies and methods of application as the 2019 Annual Financial Statements. These interim condensed consolidated financial statements are presented in Canadian dollars.

### COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. Governments worldwide immediately enacted emergency measures including but not limited to self-imposed quarantine, social distancing, and closure of businesses and construction sites resulting in an economic slowdown. The impact of COVID-19 could negatively impact the Company's operations and customers by prolonged regional and global closures of the Company's customer base operations. This includes stop work orders on existing contracted work for an unknown period of time thus, stalling the projects going live and new customer onboarding. Any closures, quarantines and labor shortages of the Company's customers may adversely impact the Company's revenues and cashflows.

We believe the outlook over the coming months still remains uncertain and it's difficult to predict the full impact on future periods.



# NOBLE IRON INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

---

### 2. Basis of preparation: (continued)

#### (b) Basis of measurement:

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except as otherwise disclosed.

#### (c) Functional and presentation currency:

Amounts included in the interim financial statements of each entity that is a foreign operation are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The interim condensed consolidated financial statements are presented in Canadian dollars (“presentation currency”), which is also Noble Iron Inc.’s functional currency.

#### (d) Use of estimates and judgments:

Use of estimates:

The preparation of interim condensed financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management periodically reviews its estimates and underlying assumptions relating to the following items:

##### i. Taxes

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

##### ii. Depreciation

Management estimates future residual values and the rate at which the useful lives of property and equipment are consumed to determine appropriate depreciation charges. Estimates of residual value and useful lives are based on data and information from various sources, including vendors, industry practice and company specific history. These estimates are evaluated annually and adjusted prospectively, where necessary, to reflect actual experience.

##### iii. Amortization

Management estimates the expected useful life of intangible assets for use in calculating amortization expense. The estimates are evaluated annually and adjusted prospectively, where necessary, to reflect actual experience.

##### iv. Provision for doubtful accounts

The Company makes an assessment of whether trade receivables are collectable for each customer based on payment history and financial condition. These estimates are continuously evaluated and updated.

# NOBLE IRON INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

---

### 2. Basis of preparation: (continued)

(d) Use of estimates and judgments (continued):

v. Stand-alone selling prices

The recognition of revenue requires judgement in the assessment of performance obligations, whether they are distinct and separate, within a contract and the assessment of recognizing at a point in time or over a period of time. Material promises within a contract to deliver distinct services are accounted for as separate performance obligations. The determination of the standalone selling prices (“SSP”) for distinct performance obligations can also require judgment and estimates. The Company uses a single amount to estimate SSP for bundled items such as subscription fee SaaS licenses, implementation and training in subscription arrangements that are not sold separately. The Company uses a range of amounts to estimate SSP when it sells each of the products and services separately and needs to determine whether there is a discount that needs to be allocated based on the relative SSP of the various products and services. In general, SSP for implementation and training in subscription fee contracts is supported by third party evidence and internal analysis of similar contracts. SSP for subscription licenses for same or similar services is established based on using the residual approach. Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to the customer.

Use of judgments:

The preparation of interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards. Management periodically reviews its judgments and underlying assumptions relating to the following items:

i. Intercompany transactions

Management exercises judgment to determine which amounts receivable from a foreign operation are not expected to be settled and accordingly forms part of the Company’s net investment in the foreign operation. Factors considered include the nature of the source of the amounts advanced and the ability of the foreign operation to repay the advance.

ii. Recognition of deferred tax asset

Management exercises judgment in determining whether to recognize deferred tax assets and the amount of the recognition at each period end. Factors considered in this determination includes the probability of generating sufficient taxable income, the estimation of the tax rates that will be enacted when these assets will be utilized and different tax positions that can be taken to affect taxes payable in the future.

iii. Multiple elements of revenue

Management’s judgment is applied to the evaluation of multiple elements arrangements in the Company’s contract with customers to assess whether deliverables can be recognized separately for revenue recognition purposes. Determining whether such bundled products and services are considered a) distinct performance obligations that should be separately recognized, or b) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. In general, the Company’s implementation and training services are capable of being distinct as they could be performed by third party service providers and do not involve significant customization of the licensed software.

iv. Leases

The Company has applied judgement to determine the lease term for its lease contracts in which it is a lessee that include renewal options. The assessment whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

# NOBLE IRON INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

---

### 2. Basis of preparation: (continued)

#### (e) New standards and interpretations adopted:

The International Accounting Standards Board (“IASB”) has issued the following amendments, revisions, and new International Financial Reporting Standards (“IFRS”) that are not yet effective and while considered relevant to the Group, they have not yet been adopted by the Group.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements for the year ended December 31, 2019 except for the adoption of new standards effective January 1, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Company.

#### IFRS 3, Business Combinations (“IFRS 3”)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs and introduced an optional fair value concentration test. These amendments are effective and shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

#### IAS 1, Presentation of Financial Statements (“IAS 1”) and IAS 8 Accounting policies, Changes to Accounting Estimates and Errors (“IAS 8”)

In October 2018, the IASB issued ‘*Definition of Material*’, an amendment to IAS 1 and IAS 8 to provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments are applied prospectively and are effective beginning January 1, 2020. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Company.

### 3. Long term notes:

On May 4, 2020, Noble Rents Inc. (“borrower”), subsidiary of the Company, received loan proceeds of approximately \$223,081 (US\$161,805) in the form of a Note under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintain its payroll levels.

# NOBLE IRON INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

---

### 4. Long term notes: (continued)

The amount of loan forgiveness will be reduced if the borrower terminates employees and reduces salaries during the eight-week period. The Note maybe be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. On June 5, 2020, the PPP Flexibility Act was signed into law which improved borrowers' ability to qualify for forgiveness and increased the time to spend the loan proceeds to twenty-four weeks (formerly eight weeks).

Under PPP Flexibility Act, unforgiven portion of the PPP loan will now have a minimum maturity date of five years (formerly two years) at an interest of 1%, with a deferral of payments until the date on which the amount of forgiveness is determined under the CARES Act (formerly six months). The Company intends to use the proceeds for qualifying expenses and have utilised the forgiven amount that is probable over the period in which the entity recognized the related cost for which the PPP loan is intended to compensate. The recognized amount to off-set qualifying operating expenses under the PPP during the period ended June 30, 2020 is \$102,453 (US\$74,654).

The Company accrued an immaterial amount of interest in the interim consolidated financial statements. This interest is imputed based on the guidelines set forward by the PPP. The interest balance will be forgiven along with the loan proceeds if the funds are used in accordance with the conditions for forgiveness of the loan, in whole or in part.

### 5. Government Grants:

The Company applied for various government support programs introduced in response to the COVID-19 pandemic. These grants are available to the companies that were impacted by the COVID-19 pandemic based on the eligibility criteria in the jurisdictions they operate in. The Company would request and receive these funds subsequent to the payroll period.

During the six months ended June 30, 2020, the Company received a total of \$323,505 in government grants under the government economic response to COVID-19 in Canada and Australia to support the payroll of the Company's employees.

In Canada, during the second quarter of 2020, the Company received \$228,318 under the Canadian Emergency Wage Subsidy (CEWS) program that was directly attributed to payroll expenses.

In Australia, the Company received government grants of \$95,188 through the JobKeeper Payment and the Cash Flow Boost payment program to assist the Companies to retain its employees.

The Company has presented these government grant as a reduction to the payroll expenses recorded under the operating expenses. The Company had to commit to follow the guidelines to spending the assistance on payroll expenses. The Company does not have any unfulfilled obligations relating to these programs.

### 5. Share capital:

#### (a) Authorized:

The Company has authorized 100,000,000 preferred shares without par value, issuable in one or more series as well as an unlimited number of common shares without par value. As of June 30, 2020, there are 27,267,479 (December 31, 2019 – 27,267,479) fully paid for common shares issued and outstanding.

The Board of Directors ratified, confirmed, and approved a Restricted Share Plan, which was adopted by the Board of Directors effective June 10, 2014. A maximum of 1,000,000 shares, or 4.67% of the number of the Company's common shares issued and outstanding as of the date of approval of the Restricted Share Plan, are available for grant under the Restricted Share Plan. As at June 30, 2020 and December 31, 2019 the Company had no restricted shares issued. There are no preferred shares outstanding as of June 30, 2020 and December 31, 2019.

# NOBLE IRON INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

### 5. Share capital: (continued)

(b) Issued:

Issued and outstanding common shares were 27,267,479 as of June 30, 2020 and as of December 31, 2019. During the six months ended June 30, 2020, the Company issued no common shares and had no exercise of options. There are no preferred shares outstanding as of June 30, 2020 or December 31, 2019. As at June 30, 2020 and December 31, 2019, the Company had no restricted shares issued.

### 6. Net loss per share:

The computations for basic and diluted income (loss) per share for the three and six months ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30		Six months ended June 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net income / (loss)	400,449	(975,096)	(64,073)	(1,978,261)
Weighted average number of common shares outstanding:				
Basic and diluted	27,267,479	27,267,479	27,267,479	27,267,479
Net income / (loss) per share:				
Basic and diluted	0.01	(0.04)	(0.00)	(0.07)

Share options to purchase 1,961,500 (June 30, 2019 – 1,973,000) common shares are excluded from the weighted average common shares in the calculation of diluted loss per share as they are anti-dilutive.

### 7. Change in non-cash operating working capital:

	2020	2019
	\$	\$
Accounts receivable	(170,828)	127,211
Prepaid expenses and other assets	2,759	73,956
Accounts payable and accrued liabilities	(94,656)	(268,665)
Deferred revenue	(53,517)	177,955
	<u>(316,242)</u>	<u>110,457</u>

### 8. Financial risk management:

The Company is exposed to foreign exchange risk, credit risk, and liquidity risk related to its underlying financial assets and liabilities. Risk management strategies are designed to ensure that Company's risks and related exposures are consistent with its business objectives and overall risk tolerance. There have been no significant changes to the Company's risk management strategies since December 31, 2019, and no assurance can be provided that these strategies will continue to be effective.

(a) Foreign exchange risk:

Foreign exchange risk is the risk that the fair value, or the future value cash flow of a financial instrument, will fluctuate due to changes in foreign exchange rates

# NOBLE IRON INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

---

### 8. Financial risk management: (continued)

#### (b) Credit risk:

Credit risk is the financial risk of non-performance by a contracted counter party. The Company primarily sells its software to customers operating in the equipment rental and distribution industry.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore determined that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. During the period the Company made no write-offs of trade receivables, it does not expect to receive future cash flow from and no recoveries from collection of cash flows previously written off.

#### (c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that it has access to sufficient cash to cover the expected short-term and long-term cash requirements.

### 9. Determination of fair values

#### (a) Financial Assets:

Management has determined that the carrying amount of its short-term financial assets, including cash and accounts receivable approximates fair value at the reporting date.

#### (b) Financial liabilities:

Management has determined that the carrying amount of its short-term financial liabilities, including accounts payable and accrued liabilities approximate fair value at the reporting date due to the short-term maturity of these obligations.

#### (c) Fair value:

As of June 30, 2020, the Company did not have any financial instruments which are measured at fair value. This is consistent with 2019.

### 10. Segment information:

The Company's reportable segment is Enterprise Asset Management Software, which is headquartered in Canada. The business markets and sells its software platform to customers who manage large quantities of construction and industrial heavy equipment inventory in Canada, Australia and the United States.

For the three and six months ended June 30, 2020 and 2019, no single customer accounted for 10% or more of the total Company's revenue or accounts receivable.

# NOBLE IRON INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

In Canadian Dollars

### 10. Segment information: (continued)

Revenue by geographic segment	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Canada and United States	1,246,304	1,216,859	2,351,795	2,343,550
Australia and New Zealand	291,344	299,526	542,057	613,337
	<u>1,537,648</u>	<u>1,516,385</u>	<u>2,893,852</u>	<u>2,956,887</u>

Disaggregation of revenue:	Three months ended June 30, 2020		Three months ended June 30, 2019	
	Canada	Australia	Canada	Australia
	\$	\$	\$	\$
Recurring:				
Maintenance	137,474	101,283	125,331	92,131
Subscription fees (i)	851,359	127,928	801,571	109,167
	<u>988,833</u>	<u>229,211</u>	<u>926,902</u>	<u>201,298</u>
Non-recurring:				
License fees (i)	11,287	23,994	-	70,814
Implementation and training	246,184	38,139	289,957	27,414
	<u>257,471</u>	<u>62,133</u>	<u>289,957</u>	<u>98,228</u>
	<u>1,246,304</u>	<u>291,344</u>	<u>1,216,859</u>	<u>299,526</u>

Disaggregation of revenue:	Six months ended June 30, 2020		Six months ended June 30, 2019	
	Canada	Australia	Canada	Australia
	\$	\$	\$	\$
Recurring:				
Maintenance	276,827	190,966	281,999	200,093
Subscription fees (i)	1,634,501	250,097	1,581,086	224,230
	<u>1,911,328</u>	<u>441,063</u>	<u>1,863,085</u>	<u>424,323</u>
Non-recurring:				
License fees (i)	11,287	46,923	10,056	70,814
Implementation and training	429,180	54,071	470,409	118,200
	<u>440,467</u>	<u>100,994</u>	<u>480,465</u>	<u>189,014</u>
	<u>2,351,795</u>	<u>542,057</u>	<u>2,343,550</u>	<u>613,337</u>

- (i) In instances of bundled contracts, Subscription fees and License fees exclude implementation and training services, which are listed separately above.