

exactEarth™ Ltd.
Interim Condensed Consolidated Statements of Financial Position
(in thousands of Canadian dollars)
(unaudited)

	As at July 31, 2020	As at October 31, 2019
	<u>\$</u>	<u>\$</u>
ASSETS		
Current assets		
Cash and cash equivalents	6,741	10,188
Short-term investments	49	49
Accounts receivable	3,180	3,073
Unbilled revenue	1,689	2,149
Prepaid expenses	599	448
Other current assets	388	209
Total current assets	<u>12,646</u>	<u>16,116</u>
Property, plant and equipment	4,060	4,398
Intangible assets	1,392	1,538
Other long-term assets	604	366
Total assets	<u><u>18,702</u></u>	<u><u>22,418</u></u>
LIABILITIES & SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities	4,368	4,840
Deferred revenue	3,357	3,499
Loans payable - current	-	202
Total current liabilities	<u>7,725</u>	<u>8,541</u>
Loans payable	10,876	10,089
Long-term incentive plan liability	724	203
Other long-term liabilities	1,539	1,466
Total liabilities	<u>20,864</u>	<u>20,299</u>
Shareholders' equity (deficiency)		
Share capital	123,923	123,823
Contributed surplus	4,815	4,647
Accumulated other comprehensive loss	(230)	(113)
Deficit	(130,670)	(126,238)
Total shareholders' equity (deficiency)	<u>(2,162)</u>	<u>2,119</u>
Total liabilities and shareholders' equity (deficiency)	<u><u>18,702</u></u>	<u><u>22,418</u></u>

See accompanying notes

On behalf of the Board:

Harvey Rein - Director - exactEarth™ Ltd.
Peter Mabson - Director - exactEarth™ Ltd.

exactEarth™ Ltd.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(in thousands of Canadian dollars)
(unaudited)

For the nine months ended July 31, 2020	Total	Deficit	Accumulated Other Comprehensive Loss	Share Capital	Contributed Surplus
	\$	\$	\$	\$	\$
Balance at October 31, 2019	2,119	(126,238)	(113)	123,823	4,647
Stock-based compensation expense	117	-	-	-	117
Restricted share unit expense	151	-	-	-	151
Issuance of common shares	-	-	-	100	(100)
Comprehensive loss	(4,549)	(4,432)	(117)	-	-
Balance at July 31, 2020	<u>(2,162)</u>	<u>(130,670)</u>	<u>(230)</u>	<u>123,923</u>	<u>4,815</u>
For the nine months ended July 31, 2019					
Balance at October 31, 2018	7,207	(118,027)	(11)	123,794	1,451
Impact of change in accounting policy	272	272	-	-	-
Adjusted balance at October 31, 2018	7,479	(117,755)	(11)	123,794	1,451
Stock-based compensation expense	163	-	-	-	163
Restricted share unit expense	122	-	-	-	122
Convertible debenture	2,917	-	-	-	2,917
Issuance of common shares	-	-	-	29	(29)
Comprehensive (loss) income	(6,194)	(6,267)	73	-	-
Balance at July 31, 2019	<u>4,487</u>	<u>(124,022)</u>	<u>62</u>	<u>123,823</u>	<u>4,624</u>

See accompanying notes

exactEarth™ Ltd.
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(in thousands of Canadian dollars except for per share figures)
(unaudited)

		Three months ended		Nine months ended	
		July 31,	July 31,	July 31,	July 31,
		2020	2019	2020	2019
		\$	\$	\$	\$
Revenue	(note 12)	4,789	4,011	13,329	11,439
Cost of revenue	(notes 6 and 11)	<u>3,005</u>	<u>3,530</u>	<u>8,048</u>	<u>9,252</u>
Gross profit		1,784	481	5,281	2,187
Selling, general and administrative	(note 11)	1,617	2,103	5,957	5,917
Product development and research and development	(note 11)	116	264	628	800
Depreciation and amortization	(notes 3 and 7)	178	210	669	565
Loss (recovery) on disposal	(note 5)	<u>(13)</u>	<u>-</u>	<u>825</u>	<u>-</u>
Loss from operations		<u>(114)</u>	<u>(2,096)</u>	<u>(2,798)</u>	<u>(5,095)</u>
Other expenses					
Foreign exchange (gain) loss		(71)	387	(189)	220
Share of equity investment loss	(note 4)	450	-	450	-
Interest income		(13)	(58)	(67)	(154)
Interest expense	(notes 3, 6, 7 and 8)	<u>461</u>	<u>398</u>	<u>1,321</u>	<u>990</u>
Total other expenses		827	727	1,515	1,056
Income tax expense		<u>-</u>	<u>54</u>	<u>119</u>	<u>116</u>
Net loss		<u>(941)</u>	<u>(2,877)</u>	<u>(4,432)</u>	<u>(6,267)</u>
Other comprehensive income (loss)					
Item that may be subsequently reclassified to net loss:					
Foreign currency translation, net of income tax expense of nil		<u>(53)</u>	<u>190</u>	<u>(117)</u>	<u>73</u>
Total other comprehensive income (loss)		<u>(53)</u>	<u>190</u>	<u>(117)</u>	<u>73</u>
Comprehensive loss		<u>(994)</u>	<u>(2,687)</u>	<u>(4,549)</u>	<u>(6,194)</u>
Loss per share					
Basic and diluted loss per share	(note 9)	(0.04)	(0.13)	(0.20)	(0.29)

See accompanying notes

exactEarth™ Ltd.
Interim Condensed Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)
(unaudited)

	Three Months ended		Nine Months ended	
	July 31, 2020	July 31, 2019	July 31, 2020	July 31, 2019
	\$	\$	\$	\$
Operating activities				
Net loss	(941)	(2,877)	(4,432)	(6,267)
Add (deduct) items not involving cash				
Non-cash interest (notes 6 and 8)	151	97	400	239
Depreciation and amortization	178	210	669	565
Loss on disposal (note 5)	(13)	-	825	-
Share of equity investment loss (note 4)	450	-	450	-
Operating grant recognized on SIF loan (note 6)	(237)	(258)	(598)	(1,136)
Long-term incentive plan expense	373	154	759	237
Stock-based compensation	49	44	117	163
Net change in non-cash balances	124	4,097	(1,207)	4,683
Other operating cash flows				
Technology demonstration program funding received	-	-	-	26
Settlement of share units	-	(1)	-	(63)
Cash flows from (used in) operating activities	<u>134</u>	<u>1,466</u>	<u>(3,017)</u>	<u>(1,553)</u>
Investing activities				
Acquisition of property, plant and equipment	(213)	(782)	(1,786)	(1,086)
Reimbursement of acquisition costs of property, plant and equipment	-	-	331	288
Net change in non-cash working capital related to investing activities (note 4)	(450)	-	(450)	-
Acquisition of intangible assets	-	(6)	-	(10)
Cash flows used in investing activities	<u>(663)</u>	<u>(788)</u>	<u>(1,905)</u>	<u>(808)</u>
Financing activities				
Government loan repayment (notes 6 and 8)	-	(123)	(205)	(328)
Government loan advance (notes 6 and 8)	439	881	1,647	881
Payment of principal portion of lease obligations (note 7)	(37)	-	(110)	-
Convertible debenture advance	-	-	-	13,000
Convertible debenture issue costs	-	-	-	(1,146)
Cash flows from financing activities	<u>402</u>	<u>758</u>	<u>1,332</u>	<u>12,407</u>
Effect of exchange rate changes on cash	32	(214)	143	(126)
Net (decrease) increase in cash	(95)	1,222	(3,447)	9,920
Cash, beginning of the period	<u>6,836</u>	<u>13,472</u>	<u>10,188</u>	<u>4,774</u>
Cash, end of the period	<u><u>6,741</u></u>	<u><u>14,694</u></u>	<u><u>6,741</u></u>	<u><u>14,694</u></u>
Supplemental cash flow information				
Interest paid	<u>198</u>	<u>195</u>	<u>401</u>	<u>195</u>
Interest received	<u>-</u>	<u>52</u>	<u>32</u>	<u>142</u>
Income taxes paid	<u>-</u>	<u>54</u>	<u>119</u>	<u>116</u>

See accompanying notes

exactEarth™ Ltd.

Notes to the Interim Condensed Consolidated Financial Statements July 31, 2020 (in thousands of Canadian dollars, except where otherwise noted and share data) (unaudited)

1. DESCRIPTION OF THE BUSINESS

Founded in 2009, exactEarth™ Ltd. (the “Company” or “exactEarth”) is a provider of space-based maritime tracking data from its satellites. exactEarth leverages advanced microsatellite technology to deliver monitoring solutions. The Company is incorporated under the *Canada Business Corporations Act* and its shares are listed on the Toronto Stock Exchange. The Company’s head office is located at 260 Holiday Inn Drive, Cambridge, Ontario, Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These unaudited Interim Condensed Consolidated Financial Statements present the Company’s results of operations and financial position as at and for the three and nine months ended July 31, 2020, including the comparative period, and have been prepared in accordance with International Accounting Standards (“IAS 34”), Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) using the same accounting policies and methods as were used for the Company’s Consolidated Financial Statements and the notes thereto for the year ended October 31, 2019, except for the new accounting pronouncements which have been adopted as disclosed in note 3. These Interim Condensed Consolidated Financial Statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Company’s annual Consolidated Financial Statements for the year ended October 31, 2019, which are available at www.sedar.com and on the Company’s website at www.exactearth.com.

These Interim Condensed Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on September 9, 2020.

b) Basis of presentation

These Interim Condensed Consolidated Financial Statements include the accounts of the Company and its subsidiary with intercompany transactions and balances eliminated. The Company has two divisions, one in Cambridge, Ontario, Canada, and one in Harwell, United Kingdom.

These Interim Condensed Consolidated Financial Statements are presented in Canadian dollars (“CAD”) and have been prepared on a historical cost basis.

The timely preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial statements and the reported amounts of revenue and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the interim condensed consolidated financial statements.

The Company has experienced lower than planned revenue combined with operating losses resulting in a reduction of ongoing operating cash flows. Management has assessed and concluded that there are no material uncertainties related to events or conditions that may

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cast significant doubt upon the Company's ability to continue as a going concern. Management applied significant judgment in arriving at this conclusion including:

- the amount of new sales orders and total revenue to be generated to provide sufficient cash flows to continue to fund operations and other committed expenditures;
- the timing of generating those new sales and the timing of the related cash flows; and
- the assessment of potentially discretionary expenditures that could be delayed in order to manage cash flows.

Given the judgement involved, actual results may lead to a materially different outcome.

On March 11, 2020, the World Health Organization declared the coronavirus ("COVID-19") outbreak a pandemic. COVID-19 has caused an unprecedented global health and economic crisis. The situation continues to rapidly evolve, resulting in governments worldwide implementing emergency measures including travel bans, self-imposed quarantine periods and physical distancing. COVID-19's impact on global markets has been significant through July and subsequent to the date of the Interim Condensed Consolidated Financial Statements. The Company has reviewed the estimates, judgements and assumptions used in the preparation of the Interim Condensed Consolidated Financial Statements, however the duration and magnitude of COVID-19's effects on the global economy remains uncertain at this time. The Company has recognized bad debt expense related to a distributor in China that has been impacted by COVID-19, therefore becoming a credit risk. Otherwise, as at the date of these statements, there has not been any impact on the Company's operations as a result of COVID-19. The company will continue to closely monitor the potential impact of COVID-19 on its business and operations.

There are uncertainties related to COVID-19 that will persist in the fourth quarter and beyond. Some of the Company's clients and customers may be experiencing significant pressures on their operations, which could lead to credit losses and reductions in business in future periods. These uncertainties may include interruptions in the supply chain, unavailability of personnel, closure of facilities and a reduction in sales, earnings and productivity.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

c) Leases

At the inception of a contract, the Company determines whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in the exchange for consideration. The Company recognizes a right-of-use asset ("**ROU asset**") and a lease liability on the commencement date of the lease.

Right-of-use asset

ROU assets are initially measured at cost, which is comprised of the initial amount of the lease liability, and any initial direct costs incurred and an estimate of costs to dismantle, remove or restore the underlying asset or site on which it is located, less any lease payments made at or before the commencement date. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, a recognized ROU asset is

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depreciated using straight-line method over the shorter of its estimated useful life or the lease term. The ROU asset may be adjusted for certain remeasurements of the lease liability and impairment losses.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. The lease payments also include the exercise prices of purchase options reasonably certain to be exercised by the Company and payment of penalties for termination of a lease. Each lease payment is allocated between the repayment of the principal portion of the lease liability and the interest portion. The finance cost is charged to net finance costs in the consolidated statement of loss and comprehensive loss over the lease period. Payments associated with short-term leases (lease term of 12 months or less) and leases of low-value assets are recognized on a straight-line basis as an expense in the Consolidated Statement of Loss and Comprehensive Loss as permitted by IFRS 16, Leases ("IFRS 16").

The carrying amount of the lease liability is remeasured if there is a modification resulting in a change in the lease term, a change in the future lease payments, or a change in the Company's estimate of whether it will exercise a purchase, extension or termination option. If the lease liability is remeasured, a corresponding adjustment is made to the ROU asset.

As a practical expedient, IFRS 16 permits a lease to not separate non-lease components, but instead account for any lease and associated non-lease components as a single arrangement.

Determining the lease term of contracts with renewal or termination options

The lease term includes the non-cancellable term of the lease including extension and termination options if the Company is reasonably certain to exercise the option. The Company applies judgement in evaluating whether it is reasonably certain to exercise the options. All relevant factors that create an economic incentive for it to exercise the renewal are considered. After the commencement date, the Company reassesses the lease term if there is a significant event or a change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option.

3. CHANGES TO ACCOUNTING POLICIES

The Company has adopted the new and amended IFRS as listed below as at November 1, 2019, in accordance with the transitional provisions outlined in the respective standards.

NEW STANDARDS ADOPTED

IFRS 16, Leases

The Company adopted IFRS 16 using the modified retrospective approach and the information presented for the 2019 reporting period has not been restated.

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IFRS 16 removes the distinction between operating and finance leases and requires the recognition of a ROU asset and a lease liability at the lease commencement for all leases, except for short-term leases (lease term of twelve months or less) and low value leases.

A lease that was classified as operating under IAS 17 was measured at the present value of remaining lease payments discounted at the Company's incremental borrowing rate of 5% as at November 1, 2019. The ROU asset and lease liabilities relate to a lease of real estate property. In applying IFRS 16, the Company recognized the following:

- a ROU asset and lease liability in the Interim Condensed Consolidated Statement of Financial Position, measured at the present value of future lease payments;
- the ROU asset is reported in Property, plant and equipment;
- the current portion of the lease liability is reported in Accounts payable and accrued liabilities and the non-current portion is reported in Other long-term liabilities;
- depreciation of a ROU asset on a straight-line basis and interest on the lease liability in the Interim Condensed Consolidated Statements of Loss and Comprehensive Loss; and
- the principal portion (presented in financing activities) and interest portion (presented within operating activities) of lease payments in the Interim Condensed Consolidated Statements of Cash Flows.

The Company used the following practical expedients permitted by the standard:

- Applied the standard only to contracts that were previously identified as leases under IAS 17 at the date of initial application;
- Applied the recognition exemptions for low-value leases and leases that end within twelve months at the date of application; and
- Included non-lease component for property management and operating fees in the lease payments.

On transition to IFRS 16 on November 1, 2019, the Company recognized ROU assets of \$369 and lease liabilities of \$355. The impact of adoption of IFRS 16 on the Interim Condensed Consolidated Financial Statements is as follows:

Interim Condensed Consolidated Statements of Financial Position as at July 31, 2020:	Before IFRS 16	Increases	As Reported
Property, plant and equipment	\$ 3,806	\$ 254	\$ 4,060
Accounts payable and accrued liabilities	4,215	153	4,368
Other long-term liabilities	1,447	92	1,539

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss for the three months ended July 31, 2020:	Before IFRS 16	Increases	As Reported
Depreciation and amortization	\$ 140	\$ 38	\$ 178
Interest expense	458	3	461

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Interim Condensed Consolidated Statements of
 Loss and Comprehensive Loss for the nine
 months ended July 31, 2020:

	Before IFRS 16	Increases	As Reported
Depreciation and amortization	\$ 554	\$ 115	\$ 669
Interest expense	1,310	11	1,321

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23")

IFRIC 23 provides guidance when there is uncertainty over income tax treatments including (but not limited to) whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates; and the impact of changes in facts and circumstances. The new interpretation is effective for annual periods beginning on or after January 1, 2019. There were no adjustments related to the adoption of IFRIC 23 in the July 31, 2020 unaudited Interim Condensed Consolidated Financial Statements.

4. INVESTMENT

A portion of the proceeds from the sale of assets (note 5) was used to purchase 124,864 Class A shares in Myriota PTY Ltd. ("Myriota") on July 31, 2020 through a \$450 non-cash transaction. The Company now owns 2,400,000 Common and 124,864 Class A shares in Myriota. The Company continues to have significant influence over Myriota and accounts for the investment using the equity method of accounting. Myriota has a history of financial losses, which were not recognized under the equity method as they represented more than the investment's value, and the Company does not have a legal or constructive obligation to make payments on behalf of Myriota. Therefore, the Company's share of losses from prior years has been recorded against the increase in investment as share of equity investment loss in the Interim Condensed Consolidated Statements of Loss and Comprehensive Loss.

5. PROPERTY, PLANT & EQUIPMENT

On July 31, 2020, exactEarth sold four satellites from its first-generation constellation and its ground station assets to Myriota Canada Inc. ("Myriota Canada"), a wholly-owned subsidiary of Myriota, and a related party of the Company. Consideration of \$600 was received, of which \$150 was received in cash through a deposit in the year ended October 31, 2019. The remaining \$450 was used to purchase preferred shares in Myriota (note 4) through a non-cash transaction.

The major classes of assets sold were as follows:

At July 31, 2020	Net Book Value	Proceeds less Costs to Sell	Loss on Disposal
Satellites	\$ 1,024	\$ 356	\$ 668
Electrical equipment	241	84	157
Total assets	\$ 1,265	\$ 440	\$ 825

exactEarth™ Ltd.

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6. GOVERNMENT ASSISTANCE

Strategic Innovation Fund (“SIF”) Loan

During the three and nine months ended July 31, 2020, \$439 and \$1,647 in loan advances were received. An additional receivable of \$504 was recorded in accounts receivable for funding related to eligible expenditures incurred prior to July 31, 2020.

The SIF loan is measured initially at fair value, and subsequently measured at amortized cost using the effective interest rate method. An interest rate of 14% was used based on the market interest rate for a comparable instrument with a similar term when the funding was received.

The difference between the fair value at inception and the loan proceeds received is recorded as a government grant, which is recognized as an operating grant or a capital grant based on the relative proportion of eligible expenditures incurred. The capital grant is recorded as a reduction in the cost of the related asset and amortized to income over the life of the asset.

The amounts recognized in the Interim Condensed Consolidated Statements of Financial Position are as follows as at:

	July 31, 2020	October 31, 2019
Loans payable	\$ 1,325	\$ 878
Accounts receivable	504	881
Property, plant and equipment – net capital grant	458	172

The amounts recognized in respect of the SIF loan in the Interim Condensed Consolidated Statements of Loss and Comprehensive Loss for the three months ended July 31:

	2020	2019
Cost of revenue – operating grant	\$ (237)	\$ (258)
Interest expense	37	18
Reduction of amortization expense	(13)	(11)
Net impact	\$ (213)	\$ (251)

The amounts recognized in respect of the SIF loan in the Interim Condensed Consolidated Statements of Loss and Comprehensive Loss for the nine months ended July 31:

	2020	2019
Cost of revenue – operating grant	\$ (598)	\$ (1,136)
Interest expense	92	40
Reduction of amortization expense	(33)	(17)
Net impact	\$ (539)	\$ (1,113)

7. Leases

The ROU asset and lease liabilities related to the lease of real estate property were measured at the present value of remaining lease payments discounted at the Company's incremental borrowing rate of 5%, based on the market interest rate for a comparable instrument with a similar term, as at November 1, 2019.

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	Right-of-use asset	Lease liabilities
Balance at November 1, 2019 (note 3)	\$ 369	\$ 355
Depreciation	(115)	-
Interest	-	11
Payments	-	(121)
Balance at July 31, 2020	\$ 254	\$ 245
Less: current portion		153
		\$ 92

For the three and nine months ended July 31, 2020, the Company recognized expense related to low-value leases of \$2 and \$9 in Selling, general, and administrative expense in the Interim Condensed Consolidated Statements of Loss and Comprehensive Loss.

8. FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE

Fair values

For the Company's cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities, the fair values approximate their respective carrying amounts due to their short-term maturities.

Federal Development Agency for Southern Ontario ("*FED DEV*") loan

The FED DEV loan has a carrying value as at July 31, 2020 of nil (October 31, 2019 – \$202). The fair value of the FED DEV loan was calculated using discounted cash flows with a discount rate of 8% indicative of the Company's borrowing rate when the funding was received. The fair value of the FED DEV loan using the Company's current borrowing rate of 14% is nil (October 31, 2019 – \$200).

SIF loan

The SIF loan has a carrying value as at July 31, 2020 of \$1,325 (October 31, 2019 – \$878), which approximates fair value. The fair value of the SIF loan was calculated using discounted cash flows with a discount rate of 14% indicative of the Company's borrowing rate when the funding was received.

Convertible debentures

The convertible debentures have a carrying value as at July 31, 2020 of \$9,551 (October 31, 2019 – \$9,211), which approximates fair value as the loan was recorded at fair value when the cash was received. In the three and nine months ended July 31, 2020, the Company recognized interest expense of \$421 and \$1,216 (July 31, 2019 – \$373 and \$922), including amortization of the deferred transaction costs, related to the convertible debentures.

Short-term investments

The Company holds two Guaranteed Investment Certificates totalling \$49 from CIBC as collateral for a line of credit for \$29 and other credit facilities of \$20.

Foreign currency

As at July 31, 2020, approximately 51% of cash, 67% of accounts receivable and 33% of accounts payable and accrued liabilities are denominated in foreign currencies, respectively (October 31,

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2019 – 28%, 55%, and 46%, respectively). These foreign currencies include the US dollar (“USD”), British pound (“GBP”) and euro (“EUR”).

The Company is exposed to foreign currency risk on the following cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities denominated in foreign currencies:

Currency	Cash	Accounts receivable	Accounts payable and accrued liabilities
USD	\$ 1,304	\$ 1,049	\$ 723
GBP	£ 226	£ 42	£ 23
EUR	€ 822	€ 318	€ 260

9. SHARE CAPITAL

Loss per share

Basic and diluted loss per share for the three months ended July 31:

	2020	2019
Numerator for basic and diluted loss per share available to common shareholders:		
Net loss attributable to common shareholders	\$ (941)	\$ (2,877)
Denominator for basic and diluted loss per share:		
Weighted average number of shares outstanding	22,048,640	21,737,519
Basic and diluted loss per share	\$ (0.04)	\$ (0.13)

Basic and diluted loss per share for the nine months ended July 31:

	2020	2019
Numerator for basic and diluted loss per share available to common shareholders:		
Net loss attributable to common shareholders	\$ (4,432)	\$ (6,267)
Denominator for basic and diluted loss per share:		
Weighted average number of shares outstanding	21,881,428	21,689,964
Basic and diluted loss per share	\$ (0.20)	\$ (0.29)

There are 2,999,987 share units that are antidilutive at July 31, 2020 (October 31, 2019 – 1,544,745).

10. COMMITMENTS AND CONTINGENCIES

L3Harris commitment

In January 2020 the Company signed an updated agreement with L3Harris, the Amended and Restated L3Harris Agreement (“A&R L3Harris Agreement”), to receive satellite automatic identification system (“S-AIS”) data from the L3Harris AppStar payloads on-board Iridium NEXT Constellation, Iridium’s second-generation satellite constellation. The A&R L3Harris Agreement

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stipulates a fixed operational fee of USD \$358 per month (USD \$4,300 per year), and a 30% share of S-AIS data revenues for the portion of exactEarth annual S-AIS data revenue, which is in excess of USD \$16,000. Currently, under the A&R L3Harris Agreement no revenue share is owed with respect to AIS Analytics sales.

The following table summarizes the CAD operational fees commitment under the A&R L3Harris Agreement, which includes the fixed payments to L3Harris, but does not include revenue share.

L3Harris Fees	Less than 1 Year	1 to 5 Years	After 5 Years
Operational fees payable	\$ 5,767	\$ 23,068	\$ 34,822

Claims or legal actions

The Company does not have any outstanding claims or legal actions.

11. EMPLOYEE BENEFITS**Defined contribution pension plan**

The Company has a defined contribution pension plan for its employees. During the three and nine months ended July 31, 2020, the Company's contributions, which are based on the contributions by employees, were \$48 and \$142 (three and nine months ended July 31, 2019 – \$52 and \$130) and are included in cost of revenue and selling, general and administrative expenses in the Interim Condensed Consolidated Statements of Loss and Comprehensive Loss.

Salaries and benefits

Total salaries and employee benefits for the three and nine months ended July 31, 2020 was \$2,434 and \$6,291 (three and nine months ended July 31, 2019 – \$1,985 and \$5,289).

12. REVENUE FROM CONTRACTS WITH CUSTOMERS**Disaggregation of revenue from contracts with customers**

Revenue is divided into three categories based on the types of products sold. Subscription services are recognized over the contract term, data products are sold on demand and recognized on delivery, and other products and services include various other revenue streams and are recognized as performance obligations are satisfied.

Revenue by product type for three months ended July 31:	2020	2019
Subscription services	\$ 4,465	\$ 3,466
Data products	184	449
Other products & services	140	96
Total revenue	\$ 4,789	\$ 4,011
Revenue by product type for nine months ended July 31:	2020	2019
Subscription services	\$ 12,198	\$ 9,765
Data products	466	887
Other products & services	665	787
Total revenue	\$ 13,329	\$ 11,439

exactEarth™ Ltd.

Notes to the Interim Condensed Consolidated Financial Statements
 July 31, 2020
 (in thousands of Canadian dollars, except where otherwise noted and share data)
 (unaudited)

13. SEGMENT, GEOGRAPHIC AND MAJOR CUSTOMER INFORMATION

The Company has one reportable business segment, which is engaged in the sale of space-based maritime tracking data and related products and services from satellites.

Geographic information

Revenue by geography is based on where the customer is located.

For the three months ended July 31:	2020	2019
Canada	\$ 513	\$ 266
United States	384	524
Europe	2,373	1,563
Other	1,519	1,658
	\$ 4,789	\$ 4,011

For the nine months ended July 31:	2020	2019
Canada	\$ 934	\$ 619
United States	1,003	1,569
Europe	6,606	4,788
Other	4,786	4,463
	\$ 13,329	\$ 11,439

For the three and nine months ended July 31, 2020, there were no customers with revenue in excess of 10% of the Company's total revenue. For the three and nine months ended July 31, 2019 there was one customer and no customers in excess of 10%, respectively.

PP&E are attributed to the country in which they are located or, for space-based assets, the country in which they are owned. Intangible assets are attributed to the country where ownership of the asset resides.

	July 31, 2020	October 31, 2019
PP&E		
Canada	\$ 4,060	\$ 4,383
United Kingdom	-	15
	\$ 4,060	\$ 4,398
Intangible assets		
Canada	\$ 1,392	\$ 1,538
United Kingdom	-	-
	\$ 1,392	\$ 1,538