MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

For the Three and Twelve Month Period Ended December 31, 2018

Basis of Presentation:

The following discussion of the financial condition and results of operations of Noble Iron, Inc. ("The Company," or the "Company") should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018 and December 31, 2017, which were prepared under International Financial Reporting Standards ("IFRS") using Noble Iron's functional currency of Canadian dollars. This MD&A has been prepared as of April 30, 2019 to help investors understand the financial performance of the Company and to provide information that management believes is relevant for an assessment and understanding of the business, risks, opportunities and performance measures of the Company. We have prepared this document in conjunction with our broader responsibilities for the accuracy and reliability of the financial statements and the development and maintenance of appropriate internal controls in our efforts to ensure that the financial information is complete and reliable. The Company's Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness and consistency.

Additional information about the Company, including copies of the Company's continuous disclosure materials, is available at www.nobleiron.com or under the Company's profile on SEDAR at www.SEDAR.com. The Company maintains its registered head office in Ontario, Canada, with executive management based in California, USA. The Company's Investor Relations department can be reached at 1 (866) 762-9475. The information on the Company's website is not considered to be a part of this MD&A.

Forward Looking Statements:

This document may contain forward-looking statements that reflect the Company's current expectations regarding future events. The forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "estimate", "expect", "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements involve risk and uncertainties, including the difficulty in predicting acceptance of and demands for new products and services, the impact of the products, services and pricing strategies of competitors, delays in developing and launching new products and services, fluctuations in operating results and other risks, any of which could cause actual results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. There are many inherent risks in the industries in which the Company operates; some are more specific to the Company. The reader should consult the Company's ongoing quarterly filings for additional information on risks and uncertainties relating to these forward-looking statements. The reader should not place undue reliance on any forward-looking statements. Management assumes no obligation to update or alter any forward-looking statements whether as a result of new information, further events or otherwise, unless required by law.

Non-IFRS Measure:

The term "Adjusted EBITDA" refers to net earnings (loss) before interest expense, income taxes, depreciation, amortization, acquisition expenses, stock-based compensation, severances, foreign exchange, lease termination payments and other extra ordinary and non-recurring items. The Company believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration the other items listed above. The MD&A presents adjusted EBITDA, as a non-IFRS financial measure, to assist readers in understanding the Company's performance (please refer to table 2 on page 5 of this MD&A for a reconciliation of Adjusted EBITDA to the "Issuer's GAAP" (as such term is defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*). This non-IFRS measure does not have any standardized meaning and therefore is unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Overview:

The Company (symbol "NIR") operated directly in equipment rental and equipment sales until May 5, 2017 and continues to develop and sell cloud-based and on-premise software for construction and industrial equipment owners and users.

Following the sale of its equipment operations in May 2017, the Company is focused on investing in scaling its software business by developing and deploying new Software-as-a-Service (SaaS) products to existing and new customers in various construction and industrial service sectors. The Company's strategy involves establishing a platform ecosystem, comprised of multiple software applications and services, to make our customers' work easy and instant. The strategy includes developing software products and new service offerings internally, as well as exploring acquisitions, partnerships, and other investment initiatives.

Up until May 5, 2017, The Company's equipment rental and dealership business operated under the name "The Company," and served customers in the State of California. This division offered construction and industrial equipment and accessories for rent and for sale. On May 5, 2017 the Company sold the assets comprising its Los Angeles, California based equipment rental operations to an arm's length third party. Accordingly, the results of operations for the equipment rental operations and the gain on sale of the business are presented as discontinued operations separate from the Company's continuing operations. Prior period information has been reclassified to present the Equipment Rental and Distribution segment as discontinued operations.

The Company's software division operates under the name "Texada Software." Texada Software offers cloud or client-based software for equipment rental companies, equipment dealerships, construction companies, contractors, and customers who own or use construction or industrial equipment. Texada Software develops software applications to manage the equipment ownership lifecycle, including equipment purchasing, rental and sales transactions, inventory management, maintenance and depreciation tracking, as well as used equipment sales, disposal and inventory replenishment. Following the sale of the equipment rental and dealership operations, the Company's sole operating business is currently in software. Since June 2017, the Company has focused on investing in its software business, and has expanded its software resources with additional engineering, sales and marketing investment in Canada and the United States. The Company plans to further develop and deploy its existing software applications, including SRM (Systematic Rental Management), and new products such as FleetLogic, Gateway and RentalLogic. The Company also plans to consider additional strategic opportunities in addition to software.

The Company is subject to a number of risks and uncertainties associated with the achievement of sustainable profitability. The Company has incurred net losses and used significant cash in its operating activities since incorporation. It has relied significantly upon external financing to fund its operations and to establish its infrastructure, primarily through debt and private equity placements.

Recent Developments:

Over the course of 2018, the Company has invested in developing a stand-alone version of FleetLogic, which can be used independently of SRM, the Company's existing ERP (Enterprise Resource Planning) software product. FleetLogic, a mobile and desktop software application that enables users to manage inspections and work orders, track asset-specific history and parts specifications, pickups and deliveries, and look up equipment availability, status and location in real-time. The first Fleetlogic stand-alone sale to a customer occurred in October 2017. FleetLogic's first customer launch was with HirePool, New Zealand's largest independent equipment rental company. FleetLogic is being deployed to equipment service professionals managing HirePool's equipment fleet at over 60 locations.

On February 28, 2018, the Company announced that following Toromont's recent acquisition of the assets of Hewitt Equipment, representing the largest Caterpillar dealer acquisition to date, Texada Software, will implement its software products at Hewitt's equipment rental and dealership operations acquired by Toromont. Toromont provides specialized equipment to diverse sectors, and Toromont's Caterpillar dealership operates 120 branches across Canada.

In February 2018, the Company also announced two new software products under development, Vision X and RentalLogic. Vision X is an augmented reality (AR) application that empowers mechanics, field service technicians and drivers to more effectively diagnose and repair equipment issues. Users of Vision X interact with photorealistic 3D models of construction and industrial equipment to conduct virtual disassembly or repair procedures. Sales representatives can use Vision X as a tool to virtually demonstrate equipment and parts. Vision X also integrates with a customer's inventory and work order management software, so users can view 3D AR models of specific equipment in their fleet, including an asset's complete service history, telematics sensor readings, and predictive analytics. Users can also see real-time parts inventory levels and order parts directly within Vision X.

During the second half of 2018, the Company invested in developing RentalLogic, a cloud-based software application designed to maximize productivity for any business offering rental transactions. RentalLogic captures reservations; manages inventory availability; and streamlines the contract, invoice generation, rental return and payment process. Additional modules such as work order management, e-commerce store, and integration with a company's accounting software will also be available to scale RentalLogic's capabilities.

In the second quarter of fiscal year 2018, the Company was selected as a preferred software vendor by Home Hardware for its 70+ rental locations.

Description of The Company's Business:

Enterprise Asset Management Software

The software segment's revenues are derived from license revenues that include user license fees, server license fees, Software-as-a-Service ("SaaS") subscription fees, contract development, and upgrade fees. In addition to these fees, the segment generates maintenance and service revenue. The products are generally licensed under single-year or multi-year terms, both of which are arranged to automatically renew. Maintenance fee arrangements generally include ongoing customer support and rights to certain product updates. Service revenue consists of professional fees charged for product training, consulting, and implementation and programming services. Contract revenue is derived from contracts for the development of custom applications. Customers typically purchase a combination of software, maintenance, and professional services.

The Company's Markets:

Equipment Asset Management Software

Customers in the North American construction equipment rental sector currently account for approximately 90% of the Company's software revenue. It is estimated that there are more than 30,000 companies worldwide that rent various types of equipment, 12,000 of which conduct business in the United States and Canada.

The market for rental management software has existed for over 30 years, and management estimates there are more than 200 providers of rental management software to the three primary segments of the rental market. Most companies in this sector are private companies, making it difficult to accurately assess the size of this market.

Management's view is that the increased adoption of cloud-based software and mobile applications among the Company's existing and target software customers presents significant growth opportunities.

Industry and economic factors

Over the course of 2018, no significant broader industry or economic factors had any material impact on the Company's performance. The Company's view is that the rising trend of the rental market, in construction, industrial and other applications, will cause the Company's current customer base to further grow and will also usher in new entrants into the rental industry, yielding a growing market for the Company's software offerings.

2018 and 2017 Business Developments:

Company Results

The Company's objectives during 2018 continued to include migrating existing customers from customized software products to the current standard version, converting on-premise software clients to Texada's SaaS cloud-based offering, as well as developing and marketing specific software products, mobile applications and support capabilities. The Company also invested in additional software development, marketing and sales resources to further expand the software customer base and to serve existing customers with new products and services.

The Company continues to focus on building scalable operating processes and capabilities, investing in the Company's management and operating teams, and developing and marketing new proprietary software, such as the FleetLogic and RentalLogic applications.

Results from Continuing Operations:

Consolidated Financial Highlights from Continuing Operations

Table 1:

Consolidated Financial Highlights from continuing operations (000's except EPS)	Twelve Months Ended			Three Months Ended		
	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2018	December 31, 2017	December 31, 2016
Revenues	$ 6,106	$ 4,671	$ 4,929	$ 1,895	$ 1,220	$ 1,109
Cost of revenue	(764)	(808)	(702)	(185)	(234)	(216)
Expenses, interest, and taxes	(8,441)	(6,480)	(9,372)	(3,329)	(2,181)	(2,439)
Net loss	$ (3,099)	$ (2,617)	$ (5,145)	$ (1,618)	$ (1,195)	$ (1,546)
Adjusted EBITDA*	(2,354)	(2,354)	(3,656)	(680)	(1,283)	(1,120)
Loss per share - basic and diluted	($0.11)	($0.10)	($0.19)	($0.06)	($0.04)	($0.06)

	December 31, 2018	December 31, 2017	December 31, 2016
Total Assets	10,025	12,616	19,383
Total Current Liabilities	962	1,890	27,025
Total Non-Current Liabilities	-	-	750
Total Shareholders Equity	9,063	10,726	(8,392)

* Adjusted EBITDA is a non-IFRS measure and is defined within the "Introduction – Non-IFRS Measure" section of the MD&A.

Table 2:

Comparative Financial Results (000's) - Consolidated Company from continuing operations	Twelve Months Ended			Three Months Ended		
	December 31, 2018	December 31, 2017	Percentage Change	December 31, 2018	December 31, 2017	Percentage Change
Revenue	$ 6,106	$ 4,671	31%	$1,895	$1,220	55%
Cost of revenue	(764)	(808)	5%	(185)	(234)	21%
Expenses						
Support, maintenance and delivery	(2,077)	(1,933)	(7%)	(544)	(539)	(1%)
Research and development	(1,667)	(1,137)	(47%)	(464)	(348)	(33%)
Sales and marketing	(694)	(249)	(179%)	(358)	(103)	(248%)
General and administration	(3,498)	(3,471)	(1%)	(1,051)	(1,692)	38%
Income tax expense	155	241	36%	118	352	67%
Interest expense	3	(272)	101%	3	(29)	110%
Foreign exchange gain (loss)	(663)	341	(294%)	(1,032)	178	(680%)
Net loss from continuing operations	**(3,099)**	**(2,617)**	**(18%)**	**(1,618)**	**(1,195)**	**(35%)**
Add:						
Depreciation / Amortization	170	288	41%	16	149	90%
Income tax expense	(155)	(241)	36%	(118)	(352)	67%
Share based payments	69	228	70%	11	76	85%
Interest expense	(3)	272	101%	(3)	-	0%
Severance	-	57	100%	-	-	0%
Foreign exchange loss (gain)	663	(341)	294%	1,032	39	(2,546%)
Adjusted EBITDA	**($2,354)**	**($2,354)**	**0%**	**($680)**	**($1,283)**	**47%**

* Adjusted EBITDA is a non-IFRS measure and is defined within the "Introduction – Non-IFRS Measure" section of the MD&A.

Table 3:

Quarterly Results (000's)	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 1,895	$ 1,384	$ 1,367	$ 1,460	$ 1,220	$ 1,149	$ 1,198	$ 1,104
Cost of revenue	(185)	(176)	(208)	(195)	(234)	(195)	(193)	(186)
Net (loss) gain from continuing operations	(1,618)	(269)	(889)	(323)	(1,195)	908	(1,244)	(1,087)
Income (loss) from discontinued operations, net of tax	-	-	-	-	(528)	(2,006)	26,237	(854)
Net (loss) earnings	(1,618)	(269)	(889)	(323)	(1,723)	(1,098)	24,993	(1,941)
Add Back:								
Depreciation/Amortization expense	16	52	51	51	149	54	52	34
Income tax (recovery) expense	(118)	(102)	54	11	(352)	-	54	57
Share based payments	11	16	19	22	76	45	50	57
Interest expense	(3)	-	-	-	-	(6)	137	141
Severance and other	-	-	-	-	-	57	-	-
Foreign exchange loss (gain)	1,032	(54)	88	(403)	39	(144)	(235)	(1)
Adjusted EBITDA from continuing operations	(680)	(356)	(677)	(641)	(1,283)	914	(1,186)	(799)
(Loss) Earnings per share - basic and diluted-Continuing operations	(0.06)	(0.01)	(0.03)	$ (0.01)	$ (0.04)	$ 0.03	$ (0.05)	$ (0.04)
(Loss) Earnings per share - basic and diluted-for discontinued operations	$ -	$ -	$ -	$ -	$ (0.02)	$ (0.07)	$ 0.96	$ (0.03)
Weighted Avg. Shares Outstanding (Basic)**	27,363,643	27,288,908	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479
Weighted Avg. Shares Outstanding (Diluted)	27,363,643	27,288,908	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479

* Adjusted EBITDA is a non-IFRS measure and is defined within the "Introduction – Non-IFRS Measure" section of the MD&A.
** Weighted average shares outstanding (Basic) does not include the 1,983,000 options outstanding as at December 31, 2018.

The Company recorded revenues of $6.1 million and $4.6 million for the twelve months ended December 31, 2018 and 2017, respectively, resulting in an increase of 31% or $1.4 million. The revenue increase is attributed to an increase in the number of SaaS users and increased services revenue.

For the fourth quarter of 2018, the Company recorded revenues of $1.9 million compared to $1.2 million for the three months ended December 31, 2017, resulting in an increase of 55% or $0.7 million. This increase can be primarily attributed to the sale of SaaS software licenses and increases of services revenue.

The Company recorded cost of revenue of $0.8 million for the twelve-months ended December 31, 2018 and $0.8 million for the twelve-months ended December 31, 2017. Cost of revenue remained relatively unchanged year over year. For the fourth quarter of 2018, the Company recorded cost of revenue of $0.2 million compared to $0.2 million for the three months ended December 31, 2017. Cost of revenue remained relatively unchanged over the fourth quarter of the prior year.

The Company recorded expenses of $8.4 million and $6.5 million for the twelve months ended December 31, 2018 and 2017, respectively, resulting in an increase of 30% or $1.9 million. This increase was in line with the Company's growth plan and reflects increased investment in product and technology development as well as increased investment in sales and marketing.

For the fourth quarter of 2018, the Company recorded expenses of $3.3 million compared to $2.2 million for the three months ended December 31, 2017, resulting in an increase of 50% or $1.1 million, primarily due to increased investment in the development of new products and technology.

The Company recorded a net loss of $3.1 million and a net loss of $2.6 million for the twelve months ended December 31, 2018 and 2017, respectively, resulting in an increased loss of $0.5 million. A significant factor that contributed to the increased loss occurred during the fourth quarter of 2018, when the Company derecognized previously recorded deferred tax asset of $0.5 million. For the fourth quarter of 2018, the Company recorded net loss from continuing operations of $1.6 million, compared to a net loss of $1.2 million for the three months ended December 31, 2017, resulting in an increased loss of $0.4 million. As discussed above the decrease was due to the derecognition of previously recorded deferred tax asset of $0.5 million.

The Company recorded Adjusted EBITDA of ($2.4) million for both the twelve months periods ended December 31, 2018 and 2017, resulting in an equal amount of Adjusted EBITDA year over year. For the fourth quarter of 2018, the Company recorded Adjusted EBITDA of ($0.7) million compared to ($1.3) million for the three months ended December 31, 2017, resulting in an increase in Adjusted EBITDA of $0.6 million. The decrease is primarily due to increase in revenue in the fourth quarter of 2018 and decrease in total operating expenses due to a refund from a software license supplier recorded as other income in general and administrative expenses. In addition, during the fourth quarter of 2018, the Company discovered an error of foreign currency translation adjustment that had been erroneously recorded as unrealized foreign exchange gain in the consolidated statements of comprehensive loss as part of net loss instead of other comprehensive income for the quarters ending March and June 2018. The correction was made in the fourth quarter of 2018 and $0.7 million was adjusted to other comprehensive income on the company's consolidated statements of financial position.

The decrease of $2.6 million in total assets of the Company is directly as a result of payments of its accrued US tax liabilities for fiscal year 2017 of $1.1 million, resulting in the corresponding decrease in total liabilities, as well as continued investment in research and development of new products and services, highly skilled personnel, sales and marketing and other strategic growth initiatives. The decrease in total shareholders' equity of $1.6 million is in line with the net loss for the year of $3.1 million reduced by the impact of the cumulative translation adjustment on the Company's foreign entities balances of $1.4 million.

Liquidity and Capital Resources:

Liquidity risk is the risk the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through cash and debt management. See "Liquidity Risk" below.

The Company manages liquidity by assessing future cash flow requirements. Cash flow estimates are based upon rolling forecasts that consider cash restrictions and anticipated operating results. While the Company had a number of asset backed lending and other loans outstanding during the second quarter of 2017, following the sale of the assets of the Company's Los Angeles operations the loans associated with the Los Angeles facility were repaid. Cash, which is surplus to working capital requirements is typically held as deposits, in both US and Canadian funds, with larger financial institutions. Following the sale of the Los Angeles operations, the Company repaid all outstanding loans and commitments in fiscal year 2017 and currently has no outstanding loans.

Cash Flow:

As of December 31, 2018, the Company had cash and cash equivalents of $7.8 million and working capital of $8.5 million compared to cash of $11.2 million and working capital of $9.9 million as at December 31, 2017. The decrease is due to cash used in operating activities primarily investment in development of new products, increase in sales and marketing efforts and hiring of highly skilled workforce to assist the growth. In addition, the reduction in cash was due to $1.1 million of payments for accrued US tax liabilities and settlement of a lawsuit with a lender that had supplied software licenses and hardware, as described in the Subsequent event note in the December 31, 2017 audited consolidated financial statements.

In 2018, the Company did not make any long-term commitments. The Company continues to invest in research and development of new products and services, sales and marketing, and other strategic growth initiatives.

Off-Balance Sheet Arrangements:

During the twelve months ended December 31, 2018, the Company did not participate in any off-balance sheet arrangements.

Transactions Between Related Parties:

The Company's related parties are its Board of Directors and key management personnel, including the Company's Chairman and Chief Executive Officer, Nabil Kassam, as well as any companies controlled by key management personnel or directors.

Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties. These transactions comprise of employment compensation, benefits and share-based compensation awards.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Changes in Accounting Policies:

The significant accounting policies used in preparing the 2018 consolidated financial statements are unchanged from those disclosed in the Company's 2018 annual consolidated financial statements except for the review, assessment, and implementation of IFRS 9 and IFRS 15 in the consolidated financial statements for the period beginning on January 1, 2018. Further details on the financial impact can be found in the audited consolidated financial statements for the twelve months ended December 31, 2018 available under the Company's profile on www.SEDAR.com.

New standards and interpretations adopted:

i) Adoption of IFRS 9 - Financial Instruments ("IFRS 9")

Effective January 1, 2018, the Company adopted all the requirements of IFRS 9, issued in July 2014 and the related consequential amendments to IFRS 7 - Financial Instruments: Disclosures. IFRS 9 introduces new requirements for 1) classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting, which represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, such that the Company's accounting policy with respect to financial liabilities is unchanged.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available for sale. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Cash and cash equivalents, and trade receivables that were classified as loans and receivables under IAS 39 are now classified as amortized cost, because their previous category under IAS 39 was eliminated, with no change in the carrying amounts.

Further as a result of adoption of IFRS 9, management has not changed its accounting policy for financial assets except for the adoption of the simplified approach to determining expected credit losses for trade receivables, which had no impact on the carrying value of any financial assets or financial liabilities on the transition date.

In accordance with the transitional provisions in IFRS 9, the Company elected to adopt the new standard effective January 1,2 018 without restating prior year amounts. The Company does not have any hedge accounting relationship, and thus there is no impact on adoption of IFRS 9.

ii) Adoption of IFRS 15 – Revenue from Contracts with Customers

Effective January 1, 2018, the Company adopted the requirements of IFRS 15, issued in May 2014, and amended in September 2015 and April 2016. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. In accordance with the transitional provisions in IFRS 15, the Company elected to adopt the new standard using the modified retrospective approach and did not restate the comparative amounts. IFRS 15 provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures.
A summary of the impact of adoption of IFRS 15 is as follows:

Contract assets and liabilities

IFRS 15 distinguishes between contract assets and receivables based on whether receipt of the consideration is conditional on something other than the passage of time. At December 31, 2017 there was no trade receivables outstanding where the Company's right to consideration was not unconditional. Further, amounts received from customers before the Company has provided the service are to be presented as contract liabilities. As a result, the amounts previously presented as deferred revenues related to contracts with customers have been reclassified as contract liabilities and amounts not relating to contracts with customers have been reclassified as deferred funding, which are nil. There is no impact on opening retained earnings (no remeasurements) on adoption of IFRS 15.

Practical expedients

The Company has elected to make use of the following practical expedients:

- Completed contracts under IAS 11 and IAS 18 before the date of transition have not been reassessed.
- Costs incurred to obtain contracts with an amortization period of less than one year have been expensed as incurred.
- The Company applied the practical expedient not to disclose information about remaining performance obligations that have original expected durations of one year or less.
- For completed contract with variable consideration, the Company used the transaction price at the date of contract completion rather than estimating variable consideration amounts in the comparative reporting periods.
- Consideration previously recognized was not adjusted for the effects of a significant financing component if the Company expected, at contract inception, that the period between when the Company transfers a promised good or service to the customer and when the customer pays for the good or service was one year or less.

- For contracts that were modified before the beginning of the earliest period presented, the Company did not retrospectively restate the contract for those contract modifications. The Company reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when: (i) identifying the satisfied and unsatisfied performance obligations; (ii) determining the transaction price; and (iii) allocating the transaction price to the satisfied and unsatisfied performance obligations.

- The Company also applied the practical expedient not to disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Company expects to recognize that amount as revenue for the year ended December 31, 2017. For information on accounting policy please refer to note 3(l).

Accounting Policy – Revenue Recognition:

The Company operates an enterprise asset management software for the construction and industrial equipment industry and provides related services. The Company's revenues from its software business are derived from subscription fees, license fees, maintenance, implementation and training services.

i. Subscription fees

Subscription fees from its software-as-a-service ("SaaS") application are comprised of fees that provide customers with access to software over the contract term without taking possession of the software. Revenue from subscription fees, which includes hosted software, data storage and related support is recognized ratably over the term of the contract.

Subscription fee contracts are bundled with implementation and training services. The subscription, implementation and training components are each allocated revenue using their relative estimated SSP. Revenue allocated to the bundled implementation and training is recognized over the term of the implementation and training services.

The Company typically invoices its customers monthly. Typical payment terms provide that customers pay within 30 days of invoice. Subscription fees allow customers to use the Company's software without taking possession of the software. Revenue is recognized over the contract term.

ii. License fees

License fees relate to software licenses for on-premises software, which provide the customer with a right to use the software as it exists when the right to use the software has commenced. Revenues from distinct licenses are recognized when the software is made available to the customer.

On-premise software license contracts are bundled with maintenance, implementation and training services. The license, maintenance, implementation and training components are each allocated revenue using their relative estimated SSP. Revenue allocated to the bundled maintenance, implementation and training is recognized over the term of the maintenance, implementation and training services.

The Company typically invoices its customers monthly. Typical payment terms provide that customers pay within 30 days of invoice. Amounts that have been invoiced are recorded in accounts receivable and in unearned revenue or revenue, depending on whether transfer of control to customers has occurred.

iii. Rendering of services

Implementation and training services related to its SaaS and on premise software include start-up, commissioning, and installation. Where these performance obligations are separately purchase and therefore considered distinct, revenue is recognized overtime by reference to the stage of completion based upon relative SSP.

Maintenance services provided to customers with on premise software licenses is recognized over the term of the maintenance services.

The Company typically invoices its customers monthly. Typical payment terms provide that customers pay within 30 days of invoice.

iv. Contract liabilities

Generally, the Company only receives advances from Customers upon contract execution for which revenue is expected to occur within 12 months. They are presented as part of deferred revenue within contract liabilities and reduced when revenue is recognized. For contracts that require customers to pay long-term advances, the payment terms are structured primarily for reasons other than the provision of finance to the Company; notably, to meet working capital demands, to ensure the customers follow through with their purchase orders, to ensure an incentive to not terminate the contract for any reasons, including economic, or to mitigate a history of late payments. Other long-term customers advances are analyzed to determine whether there is a significant financing component in its contracts and are accounted for separately.

Accounting Policy – Financial Instruments:

As a result of adopting IFRS 9, the Company updated its accounting policies for the recognition, classification and impairment of financial instruments, which are as follows:

Recognition and initial measurement
Financial assets and financial liabilities, including derivatives, are recognized in the consolidated statements of financial position when the Company becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial instruments are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net loss.

Classification and subsequent measurement
The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories: a) amortized cost b) fair value through profit or loss FVTPL, and c) fair value through other comprehensive income.

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL: a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the asset is derecognized or impaired. All financial assets not classified as amortized cost as described above are measured at FVTPL or FVTOCI depending on the business model and cash flow characteristics. The Company has no financial assets measured at FVTOCI.
Financial liabilities are subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in net income in the period that the liability is derecognized, except for financial liabilities classified as FVTPL.

Impairment of financial instruments
For trade receivables the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables, based on the Company's historical default rates over the expected life of the trade receivables, and is adjusted for forward-looking estimates. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

All individually significant loan receivables are assessed for impairment. All individually significant loans receivable found not to be specifically impaired are then collectively assessed for impairment. Loans receivables not individually significant are collectively assessed for impairment by grouping together loans receivable with similar risk characteristics.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of comprehensive loss.

New standards and interpretations not yet adopted:

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Currently, operating lease expenses are charged to the statement of comprehensive income. The Company plans to apply IFRS 16 initially on January 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings, if any, as at January 1, 2019 with no restatement of comparative information. The Company has completed an initial assessment of the potential impact on its consolidated financial statements and is in the process of finalizing its detailed assessment.

As of Dec 31, 2018, the Company had one long term non-cancellable lease with respect to its office facility that would impact its financial statements. The Company will present the right-of-use assets in 'plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position. The lease runs for a total period of ten years, with an option to renew the lease after that date. As of December 31, 2018, the Company had seven years remaining on its lease and the future minimum lease payments under non-cancellable operating lease amounted to $0.4-0.5 million on an undiscounted basis.

Based on the assessment performed to date, the net impact, due to the adoption of IFRS 16 using the modified retrospective approach, on retained earnings brought forward as at January 1, 2019 would be insignificant with no restatement of comparative information the Company is currently evaluating the requirements of IFRS 16 and the impact on the consolidated financial statements and will discuss the adoption and impact in further detail in the 2019 quarter one interim condensed consolidated financial statements.

Financial Instruments:

The Company is exposed to certain risks related to its financial instruments during its normal course of business including, but not limited to; liquidity risk, foreign currency risk and credit risk. The Company's financial instruments are detailed below. The Company manages these financial instruments to support the Company's strategy for growth and ongoing operations.

Management has determined the carrying amount of its short-term financial assets, including cash and cash equivalents and trade receivables, approximates fair value at the reporting date. The amortized cost related to these items as of December 31, 2018 was $8.8 million (2017 - $11.7 million). The carrying value of the short-term loan receivable approximates fair value.

Management has determined that the carrying amount of its short-term financial liabilities, including trade payables and accrued liabilities and other current liabilities approximate fair value at the reporting date due to the short-term maturity of these obligations. The amortized cost related to these items as of December 31, 2018 was $0.8 million (2017 - $1.9 million).

The Company did not have any short-term or long-term debt that are measured at amortized cost at December 31, 2018, December 31, 2017.

The Company did not have any financial instruments that are measured at fair value at December 31, 2018, and December 31, 2017.

Capital Resources:

During the year ended December 31, 2018, the Company made no commitment for capital expenditures. Management does not expect fluctuations in the Company's capital resources. There are no sources of financing that the Company has arranged but not yet used.

Risks and Uncertainties:

The Company's management team is responsible for the evaluation and management of risk factors affecting the Company. The following is management's assessment of the significant risks that would have the greatest impact on the Company over the ensuing 12 to 18 months given currently available information. This analysis contains forward looking statements that may differ materially from actual results.

Liquidity Risk:

The Company is subject to a number of risks and uncertainties associated with the achievement of sustainable profitability and with the financing requirements of its operations. Prior to the sale of the California equipment and rental business, the Company incurred net losses and used significant cash in its operating activities since incorporation. It has relied upon financing to fund its operations and to establish its infrastructure, primarily through debt and private equity placements.

Following the sale of California rental business and repayment of substantially all of the Company's debt, liquidity risk to the Company has been dramatically reduced, which is evidenced by the December 31, 2018 cash and cash equivalents balance of $7.8 million.

To fund its planned growth over the next couple of years, the Company has sufficient cashflow remaining from the sale of California business that it may not require to look for working capital financing in the near future.

Revenue and Collection Risk:

The Company has a large number of customers with relatively small account balances and this exposes the Company to aggregate billing and collection risk. These risks can include missed billings, unwarranted credits, additional time to collect payments and greater risk of customer default. Continual process improvements are made to ensure timely collection of the Company's trade receivables. These efforts include the positioning of resources and technology to improve the efficiency of invoicing, collections and customer credit extension.

Working capital requirements:

The Company has sufficient financial resources to meet its current working capital requirements, current and planned personnel, infrastructure, systems, procedure and controls and new investments for the growth planned for at least two years, without having to procure additional financing. If the Company fails to manage its expansion effectively, its business, operations and prospects may be materially and adversely affected.

The Company's business is characterized by high working capital requirements and the need to make investments into new products and employee resources to meet the requirements of our customers. Similar to the Company's competitors in its industry, it incurs significant development costs and investment in its products to provide solutions, hiring and training of new employee resources. Such expenses are historically incurred before revenues are generated.

The Company is exposed to adverse changes in its customers' payment practices. If its customers implement practices which extend the payment terms of the Company's invoices, its working capital levels could be adversely affected and may require us to look at working capital financing options sooner than the two-year run rate.

Technology and Software Development:

The process of developing technology from concept stage, through to design and final production involves time to complete testing, redesign and adoption by customers. Unexpected testing results or performance irregularities are normal in a development process and can result in new product offerings being delayed beyond projected timeframes or slow adoption from customers. The risk of not developing and introducing reliable products, on a timely basis, presents a risk to the Company's software business.

Reliance on Key Personnel:

The success of The Company depends on the abilities, experience, efforts and knowledge of their respective senior management and other key employees, including its ability to retain and attract effective management and employees. The loss of services from key personnel could have a material adverse effect on The Company's business, financial condition, results of operations or future prospects, particularly since it does not enter into non-competition arrangements with senior management and other key employees in certain circumstances. In addition, the growth plans described in this MD&A may require additional employees, increase the demands on management, and produce risks in both productivity and retention levels. The Company may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that The Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

Foreign Currency and Exchange Risk:

Foreign currency risk in the exchange rates between the Canadian dollar and foreign currencies could affect the Company's operating and financial results. The Company is exposed to foreign currency risk. To date, the Company has funded its growth by issuing equity in Canadian funds and raising debt in US dollars. The Company's management monitors exchange rate fluctuations and presently does not use any derivative instruments to manage foreign currency exposure. As the Company continues to grow its US operations, exposure to foreign currency risk may increase with the likelihood of the Company employing exchange rate derivative instruments.

Outstanding Share Data:

The Company has authorized share capital of unlimited number of common shares as well as 100,000,000 preferred shares without par value, issuable in one or more series. As of the date of filing this MD&A, the Company had 27,267,479 common shares issued and outstanding and no preferred shares outstanding.

The Board of Directors ratified, confirmed, and approved a Restricted Share Plan that was adopted effective June 10, 2014. A maximum of 1,000,000 of the Company's shares are available for grant under the Restricted Share Plan. As of the date of this filing, the Company had no restricted shares issued. Further information can be found in the Company's Consolidated Financial Statements for the periods ended December 31, 2018 and 2017.

Other Information:

Additional information relating to the Company is available under the Company's profile on SEDAR at www.SEDAR.com.