NOBLE IRON INC.

CONSOLIDATED FINANCIAL STATEMENTS
Expressed in Canadian Dollars

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOBLE IRON INC.

YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Noble Iron Inc.

Opinion

We have audited the consolidated financial statements of Noble Iron Inc., (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020 and the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis (MD&A).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grand Lui.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 27, 2022
Toronto, Ontario

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021 AND 2020

IN CANADIAN DOLLARS

	Notes	**2021**	**2020**
Assets		**$**	**$**
Current assets			
Cash		5,497,578	5,470,634
Trade receivables	16 c	654,237	552,327
Prepayment and other assets		141,902	201,613
Total current assets		**6,293,717**	**6,224,574**
Non-current assets			
Intangible assets	6	13,754	35,071
Property and equipment	4	17,949	56,758
Right of use assets	5	-	57,424
Other long-term assets		-	-
Total non-current assets		**31,703**	**149,253**
Total assets		**6,325,420**	**6,373,827**
Liabilities and Equity			
Current liabilities			
Trade and other payables		762,744	905,465
Contract liabilities		197,026	194,185
Lease liabilities	5	-	67,789
Total current liabilities		**959,770**	**1,167,439**
Non-current liabilities			
Lease liabilities	5	-	5,502
Long-term notes	7	230,125	245,875
Total non-current liabilities		**230,125**	**251,377**
Total liabilities		**1,189,895**	**1,418,816**
Equity			
Share capital	10	36,471,467	36,471,467
Other reserves	10	4,519,461	4,519,374
Accumulated other comprehensive income		2,149,005	2,236,132
Accumulated deficit		(38,004,408)	(38,271,962)
Total equity		**5,135,525**	**4,955,011**
Total equity and liabilities		**6,325,420**	**6,373,827**
Contingencies	21		
Subsequent events	22		

See Accompanying Notes to the Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

__________________________Director __________________________Director

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
IN CANADIAN DOLLARS

		2021 $	2020 $
Revenue	18	6,740,512	5,854,603
Cost of revenue		518,562	350,968
Gross profit		**6,221,950**	**5,503,635**
Operating expenses			
General and administrative		2,443,865	2,704,539
Research and development		1,802,315	1,349,580
Sales and marketing		690,005	838,174
Support, maintenance and delivery		1,024,223	851,734
Total Operating expenses	19	**5,960,408**	**5,744,027**
Income / (loss) from operations		**261,542**	**(240,392)**
Finance (income) / cost			
Interest expense		3,448	19,821
Foreign exchange gain		(10,474)	(158,128)
Income (loss) before taxation		**268,568**	**(102,085)**
Income tax	9	1,014	1,019
Net income / (loss)		**267,554**	**(103,104)**
Other comprehensive loss			
Item that may be subsequently reclassified to profit or loss			
Foreign currency translation adjustment		(87,127)	(141,762)
Total comprehensive income / (loss)		**180,427**	**(244,866)**
Income / (loss) per share			
Basic and diluted	11	0.01	(0.00)

See Accompanying Notes to the Consolidated Financial Statements

NOBLE IRON INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
IN CANADIAN DOLLARS

	Share Capital No.	Share Capital $	Other reserves $	Accumulated other comprehensive income $	Accumulated deficit $	Total equity $
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 year	-	-	-	-	(103,104)	(103,104)
Other comprehensive loss	-	-	-	(141,762)	-	(141,762)
Total comprehensive loss	-	-	-	(141,762)	(103,104)	(244,866)
Share-based payments (note 10c)	-	-	216,951	-	-	216,951
Balance, December 31, 2020	27,267,479	36,471,467	4,519,374	2,236,132	(38,271,962)	4,955,011
Income for the year	-	-	-	-	267,554	267,554
Other comprehensive loss	-	-	-	(87,127)	-	(87,127)
Total comprehensive income	-	-	-	(87,127)	267,554	180,427
Share-based payments (note 10c)	-	-	87	-	-	87
Balance, December 31, 2021	**27,267,479**	**36,471,467**	**4,519,461**	**2,149,005**	**(38,004,408)**	**5,135,525**

See Accompanying Notes to the Consolidated Financial Statements

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

IN CANADIAN DOLLARS

	Notes	2021 $	2020 $
Cash flows from operating activities			
Net income / (loss)		267,554	(103,104)
Adjustments for:			
Amortization and depreciation		95,675	155,642
Share-based payments		87	216,951
Income tax expense		1,014	1,019
Unrealized foreign exchange loss		207,712	121,395
Gain on derecognition of right-of-use asset		(2,606)	(21,483)
Disposal of assets		22,222	(1,396)
Loan forgiveness for operating activities	7	-	(218,026)
Change in working capital	13	(182,079)	184,355
		409,579	**335,353**
Interest paid	5,7	(5,038)	(20,333)
Net cash from operating activities		**404,541**	**315,020**
Investing activities			
Interest received		1,624	4,866
Purchase of property and equipment	4	(10,993)	(6,261)
Disposal of property and equipment		-	2,100
Net cash (used in) / from investing activities		**(9,369)**	**705**
Financing activities			
Payment of lease liabilities	5	(59,682)	(75,006)
Proceeds from long-term notes	7	-	463,706
Net cash (used in) / from financing activities		**(59,682)**	**388,700**
Effects of exchange rate differences on cash		(308,546)	(102,660)
Net increase in cash		335,490	704,425
Cash, beginning of year		5,470,634	4,868,869
Cash, end of year		**5,497,578**	**5,470,634**

See Accompanying Notes to the Consolidated Financial Statements

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 7-871 Victoria St. N. Suite 330, Kitchener, Ontario, N2B 3S4. The consolidated financial statements of the Company, as at and for the years ended, December 31, 2021 and 2020, 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.

Noble Iron Inc. operates 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued and effective as at the reporting date. The consolidated financial statements were authorized for issue by the Board of Directors on April 27, 2022.

(b) Basis of measurement:

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

(c) Presentation and functional currency

Amounts included in the 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 consolidated financial statements are presented in Canadian dollars ("presentation currency"), which is also Noble Iron Inc.'s functional currency.

2. Basis of preparation (Cont'd)

(d) Use of estimates and judgements

Use of estimates:

The preparation of consolidated 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:

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

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. 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.

iii. 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.

iv. 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 judgement 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.

2. Basis of preparation (Cont'd)

(d) Use of estimates and judgements (Cont'd)

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 judgements:

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies and the interpretation of accounting standards.

Management periodically reviews its judgements and underlying assumptions relating to the following items:

i. Intercompany transactions

Management exercises judgement 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 judgement 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 judgement 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 judgement. 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.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Systematic Computer Services Corporation, Texada Software Pty Ltd., Noble Iron (U.S.), Inc. and Noble Rents (CA) Inc.

The financial statements of the Company and its subsidiaries are prepared up to the same reporting period and are combined on a line-by-line basis. All intercompany balances, transaction and related unrealized profits and losses are eliminated on consolidation as it relates to balances within the Group.

The acquisition method of accounting is used to account for the acquisition of a subsidiary by the Company. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The cost of acquisition is measured at fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the acquisition date.

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any excess of the fair values of the identifiable net assets acquired over the cost of acquisition is credited to the consolidated statement of comprehensive income in the period of acquisition.

(b) Foreign currency

i. Foreign currency transactions

Foreign currency transactions of the Group entities are translated into their respective functional currencies at the rates of exchange approximating to those prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated into their respective functional currencies at the rates of exchange at the end of each reporting period. Exchange gains and losses are included in the consolidated statement of comprehensive income within operating expenses.

ii. Foreign currency translation

The assets and liabilities of foreign operations are translated to Canadian dollars using exchange rates at the reporting date. Revenues and expenses of foreign operations are translated to Canadian dollars at the date of transaction.

Foreign currency differences are recognized in other comprehensive income (loss) and in the accumulated other comprehensive income in equity.

Foreign currency gains and losses arising from monetary items receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur, form a part of the exchange differences in the net investment in the foreign operations and are recognized initially in other comprehensive income. Upon disposal or partial disposal of an entity with a functional currency other than the Canadian dollar, any accumulated exchange differences will be reclassified to the statement of comprehensive income (loss) within net loss.

IN CANADIAN DOLLARS

3. **Summary of significant accounting policies** (Cont'd)

(c) Financial assets and financial liabilities

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 fair value through profit and loss (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 (FVTOCI). 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.

The following table summarizes information regarding the classification and carrying value of the Company's financial instruments:

	December 31, 2021	**December 31, 2020**	**Classification**
	$	**$**	**IFRS 9**
Cash	5,497,578	5,470,634	Amortized cost
Trade receivables	654,237	552,327	Amortized cost
Trade and other payables	762,744	905,465	Amortized cost
Lease liabilities	-	73,291	Amortized cost
Long-term notes	230,125	245,875	Amortized cost

3. **Summary of significant accounting policies** (Cont'd)

(c) Financial assets and financial liabilities (Cont'd)

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.

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 income.

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 income.

(d) Property and equipment

Property and equipment are initially recognized at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is provided on items of property, plant and equipment so as to reduce their carrying value over their expected useful economic lives.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from the sale with the carrying amount of property and equipment and are recognized in profit and loss. Depreciation is recognized by using the straight-line method to depreciate the cost of the asset to its residual value over its estimated useful life. Depreciation ceases when the asset is derecognized or is classified as held for sale.

The estimated useful lives are as follows:

Tangible assets	**Useful economic life**
Furniture, fixtures and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Shorter of lease term or useful life

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

3. Summary of significant accounting policies (Cont'd)

(e) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period if time in exchange for consideration. A lease where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company are classified as finance leases and the asset is treated as if it had been purchased outright. The amount initially recognized is the lower of its fair value and the present value of the minimum lease payments. Furthermore, the leased asset is subject to depreciation with the useful life being lesser of the lease term or the expected useful life of the asset. The corresponding lease commitment is shown as a lease liability.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and adjusted for any remeasurements of the lease liability.

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 rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured if there is a change in future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under the residual value guarantee, or as appropriate, changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease where substantially all of the risks and rewards incidental to the ownership are not transferred to the Company are classified as operating leases and the leased assets are not recognized in the Company's statement of financial position with payments recognized in profit and loss on a straight-line basis over the term of the lease.

(f) Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization is recognized using the straight-line method to amortize the cost of the asset less its residual value over the estimated useful life of the asset.

The estimated useful lives are as follows:

Intangible assets	**Useful economic life**
Trademarks	5 years
Software license	Over the life of contract
Software development	5 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(g) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from share capital, net of any tax effects.

3. Summary of significant accounting policies (Cont'd)

(h) Impairment of property and equipment and finite life intangible assets

The carrying amounts of the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to the consolidated statement of comprehensive income in operating expenses. During the years ended December 31, 2021 and 2020, no impairment was recorded.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

(i) Share-based payments

The Company uses the fair value method of accounting for share options. The fair value of share options is estimated using the Black-Scholes option-pricing model. The measurement of share options at fair value is based on the Black-Scholes option pricing model using the following variables:

• The share price.
• The strike price.
• The volatility of the share has been determined based on historical prices of the Company's shares.
• The duration, which has been estimated as the difference between the valuation date of the stock plans and final exercise date.
• The risk-free interest rate.

The Company recognizes compensation expense for employee share options over the requisite service period of the award. Any excess tax benefits or expense related to employee share-based payments, if any, are recognized as income tax benefit or expense in the consolidated statements of comprehensive income when the awards vest or are settled.

When a share option is exercised, share capital is recorded at the sum of the proceeds received plus the amount previously recorded in contributed surplus relating to the options exercised.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(k) Revenue

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.

3. **Summary of significant accounting policies** (Cont'd)

(k) Revenue (Cont'd)

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 rateably 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.

3. **Summary of significant accounting policies** (Cont'd)

(k) Revenue (Cont'd)

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.

(l) Research and development

The Company expenses all research costs as incurred. The Company reviews development costs related to specific projects to determine if they meet certain criteria to be recorded as an intangible asset. If these criteria are not met, the Company expenses the development costs as incurred.

(m) License costs capitalized

Licenses acquired that are used as part of the software segment's operations are capitalized as intangible assets and amortized over the life of the contract.

(n) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3. Summary of significant accounting policies (Cont'd)

(n) Income taxes (Cont'd)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer considered probable that the related tax benefit will be realized.

(o) Earnings (loss) per share

The Company presents basic and diluted Earnings (Loss) Per Share ("EPS") data for its common shares. Basic EPS is calculated by dividing net earnings (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is computed similar to basic EPS except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of warrants or stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding warrants and stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

(p) Geographic segment reporting

The geographic operating segment analyzes the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the assets (refer note 18). All geographic operating segments' operating results are reviewed regularly by the Company's senior management, including the Chief Executive Officer, to make decisions about resources to be allocated to the segment, assess its performance, and for which discrete financial information is available.

(q) Government grants

A government grant is recognized if there is reasonable assurance that it will be received and that the Company will comply with the conditions associated with the grant. If the conditions are met, the Company recognizes the grant in profit or loss on a systematic basis in line with its recognition of the expenses that the grant is intended to compensate. For grants related to income, the Company can elect to either offset the grant against the related expenditure or include it in other income. Government assistance received by the Company during the year has been accounted for as an offset to the related expenditure.

(r) 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 Company, they have not yet been adopted by the Company. 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 2021, but do not have an impact on the annual consolidated financial statements of the Company.

3. Summary of significant accounting policies (Cont'd)

(s) New standards and interpretations not yet adopted

i. On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. The amendments include specifying the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and expectations about events after the balance sheet date are not relevant. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

ii. On February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

iii. On February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates.' The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted if this fact is disclosed.

iv. On May 7, 2021, the IASB issued amendments to IAS 12, Income Taxes, which clarifies the accounting related to deferred taxes related to assets and liabilities arising from a single transaction. It requires the recognition of both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test. The amendments are effective for annual periods beginning on or after January 1, 2023.

IN CANADIAN DOLLARS

4. Property and equipment

During the year ended December 31, 2021 and 2020, there were no impairment losses recorded. The carrying value of the impairment reserve at December 31, 2021 and 2020 is $nil.

	Furniture, fixtures and equipment $	Computer equipment $	Leasehold improvements $	Total $
Cost				
At January 1, 2021	782,590	305,541	117,445	1,205,576
Additions	-	10,993	-	10,993
Effect of foreign exchange	184	(607)	-	(423)
Disposals	(497,294)	(2,908)	-	(500,202)
At December 31, 2021	285,480	313,019	117,445	715,944
Accumulated depreciation				
At January 1, 2021	756,538	274,835	117,445	1,148,818
Depreciation for the year	2,865	24,292	-	27,157
Disposals	(476,162)	(1,818)	-	(477,980)
At December 31, 2021	283,241	297,309	117,445	697,995
Net Book Value				
December 31, 2021	2,239	15,710	-	17,949

For the year ended December 31, 2021, depreciation of property and equipment included in the consolidated statements of comprehensive income is as follows: i) Cost of revenue: $18,968 ii) Support, maintenance and delivery: $nil iii) Sales and marketing $560 iv) General and administrative: $7,629.

	Furniture, fixtures and equipment $	Computer equipment $	Leasehold improvements $	Total $
Cost				
At January 1, 2020	782,431	303,171	117,445	1,203,047
Additions	-	6,261	-	6,261
Effect of foreign exchange	159	907	-	1,066
Disposals	-	(4,798)	-	(4,798)
At December 31, 2020	782,590	305,541	117,445	1,205,576
Accumulated depreciation				
At January 1, 2020	749,474	245,065	117,445	1,111,984
Depreciation for the year	7,064	33,002	-	40,066
Disposals	-	(3,232)	-	(3,232)
At December 31, 2020	756,538	274,835	117,445	1,148,818
Net Book Value				
December 31, 2020	26,052	30,706	-	56,758

For the year ended December 31, 2020, depreciation of property and equipment included in the consolidated statements of comprehensive income is as follows: i) Cost of revenue: $26,326 ii) Support, maintenance and delivery: $nil iii) Sales and marketing $735 iv) General and administrative: $13,005.

IN CANADIAN DOLLARS

5. Leases

Lease obligations relate to the Company's rent of office spaces in Canada and Australia. The term of leases related to these offices were set to expire on August 1, 2026 and January 1, 2022, respectively. The Canadian lease was terminated effective January 31, 2021. The Australian lease was terminated effective November 30, 2021.

The Company terminated the Australian lease in October 2021 without penalty for termination and derecognized the lease liability and the net right of use assets of $10,264 and $7,658, respectively. The gain on derecognition of $2,606 was recorded as other income in the consolidated statement of comprehensive income.

The Company terminated the Canadian lease in December 2020 without penalty for termination and derecognized the lease liability and net right-of-use asset of $276,931 and $255,448, respectively. The gain on derecognition of $21,483 was recorded as other income in the consolidated statement of comprehensive income.
The following table reconciles the changes in right-of-use assets for the years ended December 31,

	2021	2020
	$	$
Right-of-use assets		
Balance as at January 1,	57,424	413,929
Rent abatement	-	(11,534)
Lease termination	(7,658)	(255,448)
Amortization	(47,201)	(92,973)
Effect of foreign exchange	(2,565)	3,450
Balance as at December 31,	-	57,424

For the year ended December 31, 2021, depreciation included in the consolidated statements of comprehensive income on the right-of-use assets recorded in General and administrative expenses is $47,201 (2020: $92,973) The interest expense recorded in finance cost was $3,151 (2020: $20,333).

The following table reconciles the changes in lease liabilities for the years ended December 31,

	2021	2020
	$	$
Lease liabilities		
Balance as at January 1,	73,291	437,641
Repayment of lease liabilities	(59,682)	(75,006)
Rent abatement	-	(19,086)
Lease termination	(10,264)	(276,931)
Effect of foreign exchange	(3,345)	6,673
Balance as at December 31,	-	73,291
Current	-	67,789
Non-Current	-	5,502
Lease liabilities	-	73,291

IN CANADIAN DOLLARS

6. Intangible assets

	Trademarks	Software license	Software development	Total
	$	$	$	$
Cost				
At January 1, 2021	54,531	1,033,640	302,882	1,391,053
Additions	-	-	-	-
Disposals	-	-	-	-
At December 31, 2021	54,531	1,033,640	302,882	1,391,053
Accumulated amortization				
At January 1, 2021	54,531	1,012,710	288,741	1,355,982
Amortization for the year	-	7,176	14,141	21,317
Disposals	-	-	-	-
At December 31, 2021	54,531	1,019,886	302,882	1,377,299
Net Book Value				
December 31, 2021	-	13,754	-	13,754

For the year ended December 31, 2021, amortization included in the consolidated statements of comprehensive income as follows: i) Cost of revenue: $nil ii) Research and development: $21,317.

	Trademarks	Software license	Software development	Total
	$	$	$	$
Cost				
At January 1, 2020	54,531	1,033,640	302,882	1,391,053
Additions	-	-	-	-
Disposals	-	-	-	-
At December 31, 2020	54,531	1,033,640	302,882	1,391,053
Accumulated amortization				
At January 1, 2020	54,531	1,005,533	273,315	1,333,379
Amortization for the year	-	7,177	15,426	22,603
Disposals	-	-	-	-
At December 31, 2020	54,531	1,012,710	288,741	1,355,982
Net Book Value				
December 31, 2020	-	20,930	14,141	35,071

For the year ended December 31, 2020, amortization included in the consolidated statements of comprehensive income as follows: i) Cost of revenue: $nil ii) Research and development: $22,603.

7. Long-term notes

On May 4, 2020, Noble Rents Inc. ("borrower"), subsidiary of the Company, received forgivable 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 loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintain its payroll levels. The Company recognized $218,026 (US$161,805) to off set qualifying operating expenses under the PPP during the year ended December 31, 2020. The Company has filed a PPP loan forgiveness application with U.S. Small Business Administration and is still awaiting response on the loan forgiveness.

On August 6th, 2020 (Commencement Date), Texada Software PTY LTD. ("borrower"), subsidiary of the Company, received loan proceeds of approximately $245,875 (AU$250,000) in the form of a Note under the Queensland Rural and Industry Development Authority (QRIDA) COVID-19 Job Support Loans (Program). This program was established to assist small companies to meet their working capital expenses. The loan has a term of 10 years with no repayment for the first 12 months and the loan shall be repaid in 108 installments. The first installment is due 13 months after the Commencement Date, with subsequent instalments due monthly on or before the same date thereafter.

As per the agreement, for the first 12 months, no interest shall be accrued. Effective on the 13th month, the interest will be at 2.50% per annum and will continue to accrete interest based on the outstanding principal balance from the 13th month to the 36th month. The Company paid interest of $1,921 during the year ended December 31, 2021.

For the first 12 months, the Borrower will not be required to make any payment, however the Borrower can repay the principal balance without incurring any penalty. For the 13th to the 36th month, the Borrower will be required to make an interest only payment which is calculated using the monthly portion of the annual interest rate against the outstanding principal. For months 37 to 120, the Borrower will be required to make both a principal and interest payment to payoff the balance by no later than the end of 10 years after the Commencement Date.

The loan is recorded as a long-term note under non-current liabilities on the consolidated statements of financial position.

On January 25, 2022, subsequent to the year ended December 31, 2021, the Company repaid the principal balance along with any accrued interest.

8. Government grants and assistance

The Company applied for various government support programs introduced in response to the COVID-19 pandemic. These assistances 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 year ended December 31, 2021, the Company received a total of $4,579 (2020: $735,046) in government assistance under the government economic response to COVID-19 in Canada and Australia to support the payroll of the Company's employees.

In Canada, the Company received $4,579 (2020**:** $531,495) under the Canada Emergency Wage Subsidy (CEWS) program that was directly attributed to payroll expenses. During the year, the Company paid back $25,000 in subsidies received under the Temporary Wage Subsidies for Employers (TWSE) program in 2020.

In Australia, the Company received government assistance of $nil (2020**:** $203,551) through the JobKeeper Payment and the Cash Flow Boost payment program to assist the Companies to retain its employees.

IN CANADIAN DOLLARS

8. Government grants and assistance (Cont'd)

During the year ended December 31, 2021, the Company recognized a total of $4,579 (2020: $953,072) in its consolidated statements of comprehensive income. The Company has presented these government assistances as a reduction to the payroll expenses and other eligible 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.

9. Income taxes

(a) Income tax expense

The income tax recovery differs from the amount that would be computed by applying the applicable federal and provincial statutory rates to the loss before income taxes. The reasons for the differences are as follows:

	2021	2020
	$	$
Income (loss) before income taxes	268,568	(102,085)
Statutory income tax rate	26.50%	26.50%
Expected income tax recovery	71,171	(27,053)
Effect of income tax of:		
Difference between Canadian rate and rate applicable to subsidiaries in other countries	7,604	6,051
Non-deductible expense and other permanent differences	2,443	5,862
Previously unrecognized deductible temporary differences	1,014	1,019
Unrecognized tax benefits of losses and temporary differences	(81,218)	15,140
Income tax (recovery) / expense	1,014	1,019

(b) Deferred tax assets and liabilities

i. Unrecognized deferred tax assets

	2021	2020
	$	$
Net operating loss carry forward	6,329,903	6,231,831
Other temporary differences	471,582	396,647
Total unrecognized deferred tax assets	6,801,485	6,628,478

IN CANADIAN DOLLARS

9. **Income taxes** (Cont'd)

ii. Rollforward of recognized deductible (taxable) temporary differences:

	Balance December 31, 2019	Movements in temporary differences	Balance December 31, 2020	Movements in temporary differences	Balance December 31, 2021
	$	$	$	$	$
Property and equipment	-	(1,000)	(1,000)	1,000	-
Intangible asset	-	-	-	-	-
Non-deductible reserves	177,000	(26,000)	151,000	-	151,000
Net operating loss carry forward	(177,000)	26,000	(151,000)	-	(151,000)
	-	(1,000)	(1,000)	1,000	-

There are no aggregate taxable temporary differences associated with the Company's investments in its subsidiaries for which deferred tax liabilities have not been recognized.

(c) Net operating losses

At December 31, 2021, the Company has the following net operating loss amounts available to reduce future years' income for tax purposes for its Canadian, US and Australian operations.

Year	**Recognized**	**Unrecognized**	**Total**
	$	$	$
2022	-	694,000	694,000
2023	-	46,000	46,000
2024	-	-	-
2025	-	293,000	293,000
2026	-	251,000	251,000
2027-2040	(151,000)	21,016,000	20,865,000
Indefinite	-	2,643,000	2,643,000
	(151,000)	24,943,000	24,792,000

10. **Share capital**

(a) Authorized shares

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 December 31, 2021, there are 27,267,479 (2020 – 27,267,479) fully paid for common shares issued and outstanding.

IN CANADIAN DOLLARS

10. Share capital (Cont'd)

(a) Authorized shares (Cont'd)

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. On July 15, 2020, the Board of Directors discontinued the Restricted Share Plan. At the time of discontinuation, the Company had no restricted shares issued. There are no preferred shares outstanding as of December 31, 2021 and December 31, 2020.

(b) Issued

Issued and outstanding common shares as at December 31, 2021 were 27,267,479 (2020: 27,267,479). There were no new issue of common shares and exercise of options during the years ended December 31, 2021 and 2020.

(c) Share-based payments

Pursuant to its stock option plan established May 15, 2002, amended June 10, 2014, the Company has reserved for issuance 3,283,095 of its common shares. Options to purchase common shares of the Company under the plan may be granted by the Board of Directors to employees, officers, directors of the Company and consultants engaged by the Company. All options have a maximum term of ten years from their grant date. All options granted through 2013 had a vesting schedule with one third vested on the issue date, one third on the first anniversary and the remaining one third on the second anniversary date of the grant.

As a result of discontinuance of the Restricted Share Plan on July 15, 2020, the Board of Directors approved the increase in the maximum number of options available under the Stock Option Plan to a total of 5,453,495, representing 20% of the current issued and outstanding shares. The shareholders of the Company ratified the amendment to the stock option plan to increase the total options available for grant on August 20, 2020. At time of this amendment, the Company had a total of 1,959,500 stock options outstanding.

During the year ended December 31, 2021, the Company granted no stock options to purchase common shares. During the year ended December 31, 2020, the Company granted 686,000 stock options to purchase common shares with an exercise price of $0.50 per share. All options granted in 2020 were fully vested on the date of the grant.

A summary of stock options outstanding and exercisable as of December 31, 2021 and 2020 are as follows:

	2021		**2020**	
	Number of options **No.**	Weighted average exercise price **$**	Number of options **No.**	Weighted average exercise price **$**
Options outstanding, Jan 1,	2,530,500	0.97	1,961,500	1.10
Granted	-	-	686,000	0.50
Exercised	-	-	-	-
Forfeited	(35,000)	0.50	(117,000)	0.50
Options outstanding, Dec 31,	2,495,500	0.97	2,530,500	0.97
Options exercisable, Dec 31,	2,495,500	0.97	2,527,028	0.97

IN CANADIAN DOLLARS

10. Share Capital (Cont'd)

(c) Share-based payments (Cont'd)

A summary of stock options outstanding and exercisable as of December 31, 2021 and 2020 are as follows:

December 31, 2021

	Options outstanding			Options exercisable	
Exercise price or range	**Number**	**Weighted average remaining life**	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
$	**No.**	**Years**	**$**	**No.**	**$**
0.50 – 1.00	1,414,500	6.06	0.72	1,414,500	0.72
1.01 – 2.00	1,081,000	3.13	1.30	1,081,000	1.30
	2,495,500	4.79	0.97	2,495,500	0.97

December 31, 2020

	Options outstanding			Options exercisable	
Exercise price or range	**Number**	**Weighted average remaining life**	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
$	**No.**	**Years**	**$**	**No.**	**$**
0.50 – 1.00	1,449,500	6.96	0.72	1,446,028	0.72
1.01 – 2.00	1,081,000	4.13	1.30	1,081,000	1.30
	2,530,500	5.75	0.97	2,527,028	0.97

The Company values the fair value of its stock options on the date of grant using the Black-Scholes option pricing model which requires the use of certain estimates and assumptions that affect the reported amount of share-based payments cost recognized in the profit or loss. These include estimates of the fair value of common shares, the expected term of stock options, expected volatility of the Company's common shares, expected dividends and the risk-free interest rate.

The share-based payments expense for the year ended December 31, 2021 was $87 (2020: $216,951) and is included in general and administration expenses in the consolidated statements of comprehensive income.

As of December 31, 2021, there was $nil (2020: $87) of total unrecognized compensation cost related to nil (2020: 3,472) unvested stock options.

IN CANADIAN DOLLARS

11. Net loss per share

The computations for basic and diluted loss per share are as follows:

	2021	**2020**
	$	$
Net income (loss)	267,554	(103,104)
Weighted average number of common shares outstanding	No.	No.
Basic	27,267,479	27,267,479
Diluted	27,490,154	27,267,479
Net income (loss) per share:	$	$
Basic and diluted	0.01	(0.00)

There are 2,495,500 stock options outstanding as at December 31, 2021 (2020: 2,530,500). As at December 31, 202, 1,713,500 of these stock options were excluded from the weighted average common shares in the calculation of diluted loss per share as they are anti-dilutive.

12. Employee benefits

	2021	**2020**
	$	$
Salaries and other short-term employee benefits	4,470,696	3,613,125
Compulsory social security contributions	184,813	224,565
Share based payments	87	216,951
	4,655,596	4,054,641

For the year ended December 31, 2021, employee benefits included in the consolidated statements of comprehensive income is as follows: i) General and administrative: $1,563,909 (2020: $1,544,241) ii) Research and development: $1,628,565 (2020: $1,210,266) iii) Sales and marketing: $531,418 (2020: $552,022) iv) Support, maintenance and delivery: $931,704 (2020: $748,112).

13. Change in non-cash operating working capital

	2021	**2020**
	$	$
Trade and other receivables	(101,910)	6,927
Prepayment and other assets	59,711	81,579
Trade and other payables	(142,721)	133,042
Contract liabilities	2,841	(37,193)
	(182,079)	184,355

IN CANADIAN DOLLARS

14. Related party transactions

Key management personnel compensation:

Key management personnel include key executive officers and the board of directors. In addition to their salaries, key executive officers participate in short-term bonus plans based upon the financial performance of the Company and other non-financial factors, set annually. The Company provides a benefit plan and vehicle allowances to executive officers. In addition, key executive officers are granted stock options at the discretion of the Company's board of directors.

Key management personnel compensation comprised:

	2021	2020
	$	$
Salaries and other employee costs	368,140	409,930
Share-based payments	-	112,589
	368,140	522,519

Board compensation:

For the year ended December 31, 2021, total board compensation paid was $97,160 (2020 - $82,624).

Shareholdings:

Key management of the Company directly controls 37.5% of the Company's outstanding voting common shares as at December 31, 2021 (2020: 37.5%).

One member of key management together with close relatives control 51.4% of the Company's outstanding voting common shares as at December 31, 2021 (2020: 51.4%).

15. Financial instruments

(a) Financial assets:

Management has determined the carrying amount of its current financial assets, including cash and trade receivables, approximates fair value at the reporting date due to the short-term nature of these instruments. The amortized cost related to these items as of December 31, 2021 was $6,151,815 (2020: $6,022,961).

(b) Financial liabilities:

Management has determined that the carrying amount of its current 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, 2021 was $762,744 (2020: $905,465). The carrying amount of the long-term note approximate fair value at the reporting date, the amortized cost related to this note as at December 31, 2021 was $230,125.

15. Financial instruments (Cont'd)

(c) The Company did not have any financial instruments that are measured at fair value as at December 31, 2021 and December 31, 2020.

16. Financial risk management

The Company is exposed to foreign exchange risk, interest rate 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, 2020, 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. The most significant foreign exchange impact on the Company's net income, and other comprehensive income, is the translation of foreign currency financial instruments into Canadian dollars, which is the Company's functional and presentation currency.

The Company sells licenses and services to customers located in the United States denominated in US dollars, to customers located in Australia denominated in Australian dollars and to customers located in New Zealand denominated in New Zealand dollars.

The Canadian dollar equivalent of trade receivables billed in US dollars at December 31, 2021, is $455,381 (2020: $269,158), Australian dollars at December 31, 2021, is $52,150 (2020: $49,734) and New Zealand dollars at December 31, 2021, is $57,277 (2020: $3,235).

The Canadian dollar equivalent of trade payables and accrued liabilities, contract liabilities, current portion of lease obligations held in US dollars at December 31, 2021, is $139,978 (2020: $184,070), and Australian dollars at December 31, 2021, is $234,345 (2020: $311,812).

The impact of a ten percent increase in the value of the Canadian dollar, relative to the US dollar on net US denominated assets and liabilities at December 31, 2021 is a decrease to Company equity of approximately $434,585 (2020: $432,560). Accordingly, a ten percent decrease in the value of the Canadian dollar relative to the US dollar would result in an increase to the Company's equity of approximately $531,160 (2020: $531,128).

(b) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters, while optimizing the return.

The Company had no financial assets or financial liabilities that have significant interest rate risk for the year ended December 31, 2021.

(c) 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.

IN CANADIAN DOLLARS

16. **Financial risk management** (Cont'd)

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 trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. During the year ended December 31, 2021 the Company made write-offs of $46,931 (2020: $155,015) trade receivables it does not expect to receive future cash flow from and recovered $nil (2020: $nil) from collection of previously written off trade receivables.

As of December 31, 2021, $245,793 (2020: $233,812) or 30% (2020: 33%) of trade receivables were more than 90 days past due. Trade receivables are recorded net of an allowance for doubtful accounts totaling $151,752 (2020: $149,252) as at December 31, 2021.

The following is a continuity of the Company's allowance for doubtful accounts for the past two years:

	$
Balance, January 1, 2020	148,142
Additions	3,982
Translation adjustments	(2,872)
Balance, December 31, 2020	149,252
Additions	3,106
Translation adjustments	(606)
Balance, December 31, 2021	151,752

The following is an aging of the Company's trade receivables as at December 31, 2021 and 2020:

	2021	**2020**
	$	$
0 – 30 days	277,583	103,911
31 – 60 days	222,901	252,432
61 – 90 days	59,712	111,424
Over 90 days	245,793	233,812
Less: allowance for doubtful accounts	(151,752)	(149,252)
	654,237	552,327

IN CANADIAN DOLLARS

16. Financial risk management (Cont'd)

(d) 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.

	December 31, 2021				
	Carrying amount $	Contractual cash flows $	Less than one year $	Between one and two years $	Between two and five years $
Trade payables and accrued liabilities	762,744	762,744	762,744	-	-
Long-term notes	230,125	277,378	6,147	20,721	118,876

17. Capital risk management

The Company's objective is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future business development. The Company defines capital as total debt and equity. As at December 31, 2021, the Company is not subject to any externally imposed capital requirements. There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2021.

The Company's capital structure consists of the following:

	2021	2020
	$	$
Total debt	230,125	245,875
Equity	5,135,525	4,955,011
Total Capital	5,365,650	5,200,886

18. Segment information

	2021	2020
Revenue by geographic segment:	$	$
Canada	5,554,465	4,746,120
Australia	1,186,047	1,108,483
	6,740,512	5,854,603

IN CANADIAN DOLLARS

18. Segment information (Cont'd)

	2021	
	Canada	Australia
Disaggregation of revenue:	$	$
Recurring:		
Maintenance	428,542	421,128
Subscription fees (i)	4,002,666	682,919
	4,431,208	1,104,047
Non-recurring:		
License fees (i)	282,290	4,138
Implementation and Training	840,967	77,862
	1,123,257	82,000
Total revenue	5,554,465	1,186,047

	2020	
	Canada	Australia
Disaggregation of revenue:	$	$
Recurring:		
Maintenance	538,799	402,175
Subscription fees (i)	3,365,171	553,519
	3,903,970	955,694
Non-recurring:		
License fees (i)	192,155	66,554
Implementation and Training	649,995	86,235
	842,150	152,789
Total revenue	4,746,120	1,108,483

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

Major Customers

During the year ended December 31, 2021, approximately $566,161 (2020: $615,677) of the Company's total revenue was derived from recurring and non-recurring fees from a major international customer.

IN CANADIAN DOLLARS

18. Segment information (Cont'd)

	2021	2020
Property and equipment and intangible assets by geographic segment:	$	$
United States	-	570
Canada	1,592	83,241
Australia	30,111	65,442
	31,703	149,253

19. Operating Expenses

	2021	2020
	$	$
Compensation and benefits	4,655,596	4,054,641
Professional expenses	609,393	592,750
Software and IT costs	201,197	216,570
Marketing	79,561	222,896
Depreciation and amortization	76,707	129,316
Office Expenses	80,955	122,712
Other	256,999	405,142
	5,960,408	5,744,027

20. Noble Iron Inc. entities

The following table lists the significant subsidiaries of the Company.

Subsidiary	Country of incorporation	Ownership		Functional currency
		2021	2020	
Noble Iron (U.S.), Inc.	United States	100%	100%	US Dollar
Noble Rents, Inc.	United States	100%	100%	US Dollar
Noble Equipment, Inc.	United States	100%	100%	US Dollar
Systematic Computer Services Corporation	Canada	100%	100%	Canadian Dollar
Texada Software Pty Ltd.	Australia	100%	100%	Australian Dollar

21. Contingencies and commitments

The Company is subject to claims and lawsuits filed in the ordinary course of business. Although management does not believe that any such proceedings will have material adverse effect going forward, no assurances to that effect can be given based on the uncertainty of litigation and demands of third parties. As at year ended December 31, 2021, there were no significant claims or legal proceedings against subsidiaries of the Company.

22. Subsequent events

The Company's wholly-owned subsidiary, RentOnThe Dot, Inc. ("ROTD") entered into a share purchase agreement (the "SPA") on April 18, 2022 with BP Tex Canada Amalco Corporation ("BP Canada") and the Company's Australian subsidiary, Texada Software Pty Limited (the "Australian Vendor") pursuant to which ROTD will sell all of the shares of Systematic Computer Services Corporation ("Systematic"), which operates the Company's Texada Software business (the "Software Business"), to BP Canada and the Australian Vendor will sell all of its assets to BP Tex Australia Acquisition Corporation Pty Ltd. ("BP Australia") (collectively, the "Transaction"). Each of BP Canada and BP Australia are indirect, wholly-owned subsidiaries of Banneker Partners ("Banneker"), a US-based private equity fund. Following the completion of the Transaction, the Company will invest in $4,200,000 to acquire an interest (the "Rollover Interest") in BP Tex Parent, LP ("BP Tex LP"), a private Delaware limited partnership, the ultimate parent of BP Canada and BP Australia (together, the "Purchaser").

Pursuant to the terms of the SPA, ROTD has agreed to sell all of the issued and outstanding shares of Systematic (the "Purchased Shares") to BP Canada for a consideration of $36,200,000 in cash (the "Purchase Price"), which is subject to adjustment based on, among other things, the amount of working capital determined to be present in Systematic at the time of closing. The amount of $500,000 of the Purchase Price will be paid into an escrow account as security for the reconciliation of working capital which will commence ninety days following the closing of the Transaction. $4,200,000 of the Purchase Price will be used by the Company to acquire the Rollover Interest on closing.

Concurrently, BP Australia will acquire all of the operating assets (the "Australian Assets") of the Australian Vendor pursuant to the terms of an asset purchase agreement (the "APA") dated April 18, 2022, for a consideration of $1,000,000.

At closing, the Company will acquire 10% of the outstanding non-diluted Preferred LP Interests of BP Tex LP, leaving aside the impact of any other acquisitions which may be completed in BP Tex LP prior to closing. BP Tex LP will hold all of the outstanding securities of BP Tex Holdings Corporation, which in turn will hold all of the outstanding securities of BP Tex Operations LLC, which in turn will hold all of the outstanding securities of BP Canada and BP Australia, and as such the Company will continue to have exposure to the Software Business and the Australian Assets. BP Tex LP may pursue additional acquisitions to grow the combined business, which may be financed by debt or equity, and any such financing may dilute the Company's holdings in BP Tex LP. BP Tex LP is also authorized to issue management incentive units which are structured as profit interests for U.S. tax purposes.

ROTD and the Australian Vendor will sign non-competition agreements in favour of Systematic, BP Canada and BP Australia pursuant to which they will agree not to carry on, be engaged in, have any financial or other interest in or be otherwise commercially involved in any endeavor, activity or business in all or any part of North America, Australia or New Zealand which is substantially the same as or is in competition with the Software Business for a period of five years following closing of the Transaction.

22. Subsequent events (Cont'd)

The SPA and APA (collectively, the "Agreements") include certain representations and warranties of ROTD and the Australian Vendor (together, the "Vendors") in favour of the Purchaser which are expected to be backstopped by a representation and warranty insurance policy without liability to the Vendors, absent fraud. The SPA includes payment of a "break fee" in the amount of $2,110,000 payable by (i) the Vendor in the event the Vendor is unable to table shareholder approval or TSXV approval for the Transaction and (ii) either party, in the event that the other party terminates the agreement due to a material uncured breach of the first party. Copies of the SPA and APA can be found under the Company's profile on www.SEDAR.com.

The Transaction constitutes a Reviewable Disposition as defined in Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets ("Policy 5.3") of the TSX Venture Exchange Inc. ("TSXV") and, as such, completion of the Transaction remains subject to shareholder approval and the approval of the TSXV. The Company will seek the approval of shareholders holding a minimum of 50% plus 1 of the issued and outstanding securities of the Company by way of written consent (the "Written Shareholder Consent"); however, the acceptance of Written Shareholder Consent in lieu of holding a meeting of shareholders is at the discretion of the TSXV. In the event the TSXV does not exercise its discretion to accept Written Shareholder Consent, the Company will call a meeting of its shareholders. Closing is also subject to certain other conditions which are customary for a transaction of this nature. Noble Iron and Banneker Partners are not "Non-Arm's Length Parties" within the meaning of applicable TSXV polices. The purchase price of the Software Business and the Australian Assets and all ancillary agreements were arrived at through arm's-length negotiations.

To facilitate the Transaction, the Company has agreed to enter into a standard transition services agreement with the Purchaser whereby the Company will assist the Purchaser with any business transition issues for a period of six months post-closing. The terms of such agreement include that the Company will provide, upon request, accounting, training and such other services to the purchaser to facilitate the transition of business of Systematic to the Purchaser.

In connection with the Transaction, the Board of Directors appointed a special committee of independent directors (the "Special Committee"). The Special Committee has determined that the Transaction is in the best interest of the Company and its shareholders and has recommended the approval of the Transaction to the Board of Directors. The Board of Directors has unanimously approved the Agreements and the Transaction and has unanimously determined to recommend that the shareholders of Noble Iron vote in favour of the Transaction by way of the Written Shareholder Resolution. Nabil Kassam, who holds 10,237,903 common shares, or 37.5% of the issued and outstanding shares and Zahra Kassam, who holds 3,653,840 common shares, or 13.4% of the issued and outstanding shares, have signed support agreements in favour of the Purchaser agreeing to support the Transaction and to sign a Written Shareholder Consent.

The Company expects that it will be subject to migration to the NEX Board of the TSXV following completion of the Transaction unless it can demonstrate to the TSXV that it will meet "Continued Listing Requirements" ("CLR") within the meaning of such term under applicable TSXV policies. While the Company currently plans to use the proceeds from the sale of the Software Business and the Australian Assets to acquire or develop a business that will meet CLR, at this time the Company has not yet acquired or developed any such business and there can be no assurances that it will be able to do so before its listing is migrated from Tier 2 to NEX, or at all.

The trading of the Company's shares has been halted and shall remain halted pending receipt of satisfactory documentation by the TSXV. Further updates will be announced on the status of the trading halt, the Agreements, and the Transaction as appropriate. All of the transactions contemplated by the Agreements are subject to the approval of the TSXV. Closing of the Transaction, assuming receipt of all required Written Shareholder Resolutions, TSXV approvals as well as the satisfaction of all conditions precedent is expected to occur on or about May 18, 2022.