



Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2021 and 2020
(Unaudited) (expressed in U.S. dollars)

Management's Responsibility for Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Starrex International Ltd. (the "Company" or "Starrex") are the responsibility of the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the audited consolidated financial statements as at December 31, 2020. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the end of the reporting period. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed): "Dr. Deborah Merritt"
Chief Financial Officer

Toronto, Canada
November 29, 2021

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. These unaudited condensed interim consolidated financial statements as at, and for the three and nine months ended September 30, 2021 and 2020, have not been reviewed by the Company's auditors.

Starrex International Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited) (Expressed in U.S. dollars)

	September 30, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash	\$ 2,114,403	\$ 1,493,600
Accounts receivable	1,197,793	938,049
Prepaid expenses	187,263	109,596
	3,499,459	2,541,245
Non-current assets		
Property and equipment, net of depreciation (Note 6)	276,820	62,120
Intangible assets (Note 7)	935,933	1,052,386
Goodwill	915,288	915,288
Right-of-use assets (Note 8)	323,201	126,568
Total Assets	\$ 5,950,701	\$ 4,697,607
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 870,935	\$ 967,861
Contract liabilities (Note 10)	930,066	741,874
Current portion of lease liabilities (Note 8)	117,464	113,490
	1,918,465	1,823,225
Non-current Liabilities		
Lease liabilities (Note 8)	208,635	25,486
Total liabilities	\$ 2,127,100	\$ 1,848,711
Capital and reserves		
Share capital (Note 12)	7,707,501	7,519,769
Contributed surplus (Note 13)	390,136	491,118
Accumulated other comprehensive income	(261,534)	(261,534)
Deficit	(4,012,502)	(4,900,457)
Total equity	3,823,601	2,848,896
Total liabilities and equity	\$ 5,950,701	\$ 4,697,607

Commitment (Note 18)

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

On Behalf of the Board:

Signed: Matthew D. Hill

Chairman

Signed: Scott M. Reeves

Director

Starrex International Ltd.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

For the periods ended September 30, 2021 and 2020

(Unaudited) (Expressed in U.S. dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Income				
Revenue from contracts with customers (Note 11)	\$5,366,494	4,879,901	\$15,889,659	\$12,013,452
Expenses				
Transaction costs	3,594,692	3,213,662	10,675,251	7,757,409
Payroll expense	753,077	762,883	2,073,808	1,772,626
General and administrative	479,552	259,018	1,397,028	976,024
Professional fees	111,202	83,822	298,950	206,531
Management and corporate services (Note 9)	52,640	52,640	157,920	157,920
Depreciation and amortization (Notes 6, 7 and 8)	83,436	77,856	262,239	264,551
Shareholder services	2,534	2,309	16,909	8,688
Government, regulatory and filing fees	5,968	5,908	19,296	17,282
Share-based payments (Note 13)	-	53,053	-	53,053
Interest expense (Notes 8 and 15)	3,675	3,231	6,761	17,827
	5,086,776	4,514,382	14,908,162	11,231,911
Income before provision for income taxes	279,718	365,519	981,497	781,541
Income tax expense	37,281	15,638	93,542	46,083
Net income and comprehensive income for the period	\$ 242,437	\$ 349,881	\$ 887,955	\$ 735,458
Basic net income per share	\$ 0.02	\$ 0.02	\$ 0.06	\$ 0.05
Diluted net income per share	\$ 0.02	\$ 0.02	\$ 0.06	\$ 0.05
Basic weighted average number of common shares outstanding (Note 14)	15,691,429	15,552,525	15,691,429	15,552,525
Diluted weighted average number of common shares outstanding (Note 14)	15,873,505	15,552,525	15,873,505	15,552,525

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

Starrex International Ltd.**Condensed Interim Consolidated Statements of Changes in Equity**

For the nine-month periods ended September 30, 2021 and 2020

(Unaudited) (Expressed in U.S. dollars)

	Number of Shares	Value	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2019	15,552,525	7,519,769	297,427	(6,712,786)	(261,534)	842,876
Options granted (Note 13)	-	-	316,666	-	-	316,666
Options expired (Note 13)	-	-	(58,958)	58,958	-	-
Net income for the period	-	-	-	735,458	-	735,458
Balance, September 30, 2020	15,552,525	\$ 7,519,769	\$ 555,135	\$ (5,918,370)	\$ (261,534)	\$ 1,895,000
Balance, December 31, 2020	15,552,525	\$ 7,519,769	\$ 491,118	\$ (4,900,457)	\$ (261,534)	\$ 2,848,896
Options exercised (Note 13)	200,000	187,732	(100,982)	-	-	86,750
Net income for the period	-	-	-	887,955	-	887,955
Balance, September 30, 2021	15,752,525	\$ 7,707,501	\$ 390,136	\$ (4,012,502)	\$ (261,534)	\$ 3,823,601

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

Starrex International Ltd.

Condensed Interim Consolidated Statements of Cash Flows

For the nine-month period ended September 30, 2021 and 2020

(Unaudited) (Expressed in U.S. dollars)

	September 30, 2021	September 30, 2020
Cash flows from operating activities		
Net comprehensive income for the period	\$ 887,955	\$ 735,458
Items not affecting cash:		
Depreciation and amortization (Notes 6,7 and 8)	262,239	264,551
Share based payments (Note 13)	-	316,666
Net change in non-cash working capital items relating to operating activities		
Accounts receivable	(259,744)	(410,714)
Prepaid expenses	(77,667)	(39,001)
Accounts payable and accrued liabilities	(96,926)	(624,122)
Contract liabilities (Note 10)	188,192	458,793
Cash flows from operating activities	904,049	701,631
Cash flows from investing activities		
Purchase of property and equipment (Note 6)	(246,417)	(6,109)
Cash flows used in investing activities	(246,417)	(6,109)
Cash flows from financing activities		
Lease payments (Note 8)	(123,579)	(128,503)
Repayment of note payable (Note 15)	-	(247,751)
Proceeds from exercise of options	86,750	-
Proceeds from note payable (Note 15)	-	790,600
Cash flows from (used in) financing activities	(36,829)	414,346
Increase in cash and cash equivalents	620,803	1,109,868
Cash, beginning of period	1,493,600	145,819
Cash, end of period	\$ 2,114,403	\$ 1,255,687

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

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the nine-month periods ended September 30, 2021 and 2020

(Unaudited) (expressed in United States dollars)

1. Nature of Operations

Starrex International Ltd. (“Starrex” or the “Company”) was incorporated on October 2, 1982 pursuant to the Canada Business Corporation Act. The Company's address is 639 5th Avenue S.W., Calgary, Alberta T2P 0M9. The Company’s primary business is to acquire, manage and grow companies in the United States active in mortgage, real estate and other financial sectors.

2. Basis of Presentation

The Company has prepared these unaudited condensed interim consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, employing all of the same accounting policies and methods of computation as disclosed in the annual audited consolidated financial statements as at December 31, 2020, except as noted below. The notes to these unaudited condensed interim consolidated financial statements are intended to provide a description of events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since December 31, 2020. Certain disclosures that appear in the annual audited consolidated financial statements have not been produced in the unaudited condensed interim consolidated financial statements and, in this regard only, these unaudited condensed interim consolidated financial statements do not conform in all respects to the requirements of International Financial Reporting Standards (“IFRS”) for annual audited consolidated financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements as at December 31, 2020.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on November 29, 2021.

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These unaudited condensed interim consolidated financial statements include the Company and its wholly owned subsidiaries, Property Interlink, LLC, MFI Credit Solutions, LLC, Reliable Valuation Service, LLC and Starrex Holdings, Inc. All subsidiaries at September 30, 2021 are 100% owned, directly or indirectly, and controlled by the Company. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses, have been eliminated upon consolidation.

Functional Currency

Starrex International Ltd., the parent company, and its subsidiaries have a functional currency of the U.S. dollar (“USD”). This reflects the fact that most of the Company’s business is influenced by an economic environment denominated in U.S. currency; as well, the Company earns revenues in USD. The presentation currency of these unaudited condensed interim consolidated financial statements is USD.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the nine-month periods ended September 30, 2021 and 2020

(Unaudited) (expressed in United States dollars)

2. Basis of Presentation - continued

Transactions denominated in foreign currencies (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or recorded in equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

3. Critical Accounting Estimates and Judgments and COVID-19

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities.

The Company's business could be adversely affected by the outbreak of respiratory illness caused by the novel coronavirus ("COVID 19"). The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, the Company or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. The continued spread of the COVID-19 globally could materially and adversely impact the Company's business including, without limitation, employee health, limitations on travel, the availability of industry experts and personnel, and other factors that depend on future developments beyond the Company's control. The impact of current uncertainty on judgments, estimates and assumptions extends but is not limited to the Company's valuation of the long-term assets, including the assessment for impairment and impairment reversal. Actual results may differ materially from these estimates.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to these unaudited condensed interim consolidated financial statements are discussed below:

- a) Goodwill and other indefinite life intangible assets are tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of intangible assets with definite lives (software, trade name, customer relationships, and non-compete agreements) and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in profit or loss. The assessment of fair values requires the use of estimates and assumptions related to future operating performance and discount rates, differences in these estimates and assumptions could have a significant impact on the unaudited condensed interim consolidated financial statements.
- b) Significant judgment is involved in the determination of useful life for the computation of depreciation of property and equipment and amortization of intangible assets. No assurance can be given that actual useful lives will not differ significantly from current assumptions.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the nine-month periods ended September 30, 2021 and 2020
(Unaudited) (stated in United States dollars)

3. Critical Accounting Estimates and Judgments and COVID-19 - continued

- c) The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.
- d) The determination of the Company's lease liability and right-of-use asset depends on certain assumptions which includes the selection of the discount rate. The discount rate is set by referencing to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's unaudited condensed interim consolidated financial statements.
- e) Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.
- f) Applying the business acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of acquisition date fair values often requires management to make assumptions and estimates about future events. The assumptions with respect to fair value of intangible assets require a high degree of judgment and include estimates for future operating performance, discount rates, technology migration factors and terminal value rates.
- g) Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct, and the operating results are regularly reviewed by management for the purposes of resource allocation decisions and assessing its performance. Key measures used by management to assess performance and make resource allocation decisions include revenues, gross profit and net income (loss). The Company's operating results are currently in one reportable segment and in one geographic market – the United States.
- h) Stock options are initially valued at fair value, based on the application of the Black Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the volatility of the share price, expected dividend yield, expected term of the warrant or stock option and expected risk-free interest rate.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the nine-month periods ended September 30, 2021 and 2020
(Unaudited) (stated in United States dollars)

4. Significant Accounting Policies

The accounting policies applied by the Company in these financial statements are the same as those applied by the Company as described in its consolidated financial statements as at and for the year ended December 31, 2020.

The following IFRS standards have been recently issued by the IASB. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company will adopt these amendments as of their effective date and is currently assessing the impacts on adoption.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company will adopt these amendments as of their effective date and is currently assessing the impacts on adoption.

Amendments to IAS 1: Disclosure of Accounting Policies

On February 12, 2021, the IASB issued *Disclosure of Accounting Policies* that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual period beginning on or after January 1, 2023. The Company will adopt these amendments as of their effective date and is currently assessing the impacts on adoption.

Amendments to IAS 8: Definition of Accounting Estimates

On February 12, 2021, the IASB issued *Definition of Accounting Estimates* to help entities to distinguish between accounting policies and account estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company will adopt these amendments as of their effective date and is currently assessing the impacts on adoption.

5. Financial Instruments and Financial Risk Management

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and lease liabilities. As at September 30, 2021, the carrying values and fair values of the Company's financial instruments are approximately the same.

The Company is exposed, in varying degrees, to the following financial instrument related risks:

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. For financial assets, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. In the normal course of business, the Company is exposed to credit risk from its customers and the related accounts receivable are subject to normal industry credit risk.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the nine-month periods ended September 30, 2021 and 2020
(Unaudited) (stated in United States dollars)

5. Financial Instruments and Financial Risk Management - continued

The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company generally does not require collateral for sales on credit. The Company closely monitors extensions of credit and has not experienced significant credit losses in the past. At September 30, 2021, and December 31, 2020, the Company had a \$nil balance in the reserves for credit losses and had no material past due trade receivables.

The Company applies the IFRS 9 simplified approach to measuring expected losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the year end. The historical loss rates, if any, are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. All trade receivables are less than sixty days past due. On that basis, the Company has not provided for expected credit losses.

Concentration of Credit Risk

As at September 30, 2021, one customer accounted for 62% of the Company's total revenue (September 30, 2020 – 58%). All of the Company's revenue for the nine months ended September 30, 2021, and 2020, was in the United States.

As at September 30, 2021, one customer accounted for 40% (\$474,236) of the Company's accounts receivable balances. As at September 30, 2020, one customer accounted for 45% of accounts receivable. As at December 31, 2020, two customers accounted for 66% (\$192,948) of appraisal and credit reporting accounts receivable.

There can be no assurance that all or any of the Company's customers will continue to be customers of the Company. The loss of any such customers may have a materially negative impact on the company's business conditions and financial results.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available working capital to meet its liquidity requirements. At September 30, 2021, the Company had cash of \$2,114,403 (December 31, 2020 - \$1,493,600) available to settle current liabilities of \$1,918,465 (December 31, 2020 - \$1,823,225).

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2021, the Company held immaterial amounts of cash and accounts receivable in Canadian Dollars ("CAD") currency and considers foreign currency risk to be low.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the nine-month periods ended September 30, 2021 and 2020
(Unaudited) (stated in United States dollars)

5. Financial Instruments and Financial Risk Management - continued

	September 30, 2021	December 31, 2020
Cash	\$ 11,697	\$ -
Accounts receivable	11,731	-
Accounts payable and accrued liabilities	(5,704)	(6,535)
Total	\$ 17,724	\$ (6,535)

6. Property, Plant and Equipment

	Furniture & Equipment	Leasehold Improvements	Total
Cost			
As at December 31, 2020	\$ 491,321	\$ 72,201	\$ 563,522
Additions	221,875	24,543	246,418
As at September 30, 2021	\$ 713,196	\$ 96,744	\$ 809,940
Accumulated depreciation			
As at December 31, 2020	\$ 433,084	\$ 68,318	\$ 501,402
Expense	27,182	4,536	31,718
As at September 30, 2021	\$ 460,266	\$ 72,854	\$ 533,120
Net book value			
As at December 31, 2020	\$ 58,237	\$ 3,883	\$ 62,120
As at September 30, 2021	\$ 252,930	\$ 23,890	\$ 276,820

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the nine-month periods ended September 30, 2021 and 2020
(Unaudited) (stated in United States dollars)

7. Intangible Assets

	Business Software & Website	Proprietary Software	Non- Compete Agreements	Customer Relationships	Credit Bureau Repository Codes	Total
Cost						
As at December 31, 2020 and September 30, 2021	\$ 67,113	\$ 200,377	\$ 310,746	\$ 834,962	\$ 647,269	\$ 2,060,467
Accumulated depreciation						
As at December 31, 2020	\$ 67,113	\$ 193,222	\$ 239,402	\$ 508,344	\$ -	\$ 1,008,081
Expense	-	2,934	25,185	88,334	-	116,453
As at September 30, 2021	\$ 67,113	\$ 196,156	\$ 264,588	\$ 596,678	\$ -	\$ 1,124,534
Net Book Value						
As at December 31, 2020	\$ -	\$ 7,155	\$ 71,344	\$ 326,618	\$ 647,269	\$ 1,052,386
As at September 30, 2021	\$ -	\$ 4,221	\$ 46,159	\$ 238,284	\$ 647,269	\$ 935,933

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the nine-month periods ended September 30, 2021 and 2020
(Unaudited) (stated in United States dollars)

8. Leases

The Company has elected not to recognize right-of-use assets that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use asset		Total
Balance as at December 31, 2020	\$	417,133
Additions		310,700
Balance as at September 30, 2021	\$	727,833

Accumulated depreciation		
As at December 31, 2020	\$	(290,565)
Expense		(114,067)
Balance as at September 30, 2021	\$	(404,632)

Net book value		
As at December 31, 2020	\$	126,568
As at September 30, 2021	\$	323,201

Lease Liabilities		Total
As at December 31, 2020	\$	138,976
Additions		310,000
Lease payments		(123,577)
Balance as at September 30, 2021	\$	326,099
Current portion of lease liabilities	\$	117,464
Long-term portion of lease liabilities	\$	208,635

9. Related Party Transactions

Amcap Mortgage Ltd.

AmCap Mortgage Ltd., a related customer (by common Director) accounted for \$9,872,564 of revenue to the Company for the nine-month period ended September 30, 2021 (nine months ended September 30, 2020 - \$6,934,289). As at September 30, 2021, \$474,236 (December 31, 2020 – \$390,676) is included in accounts receivable on the condensed interim consolidated statements of financial position.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the nine-month periods ended September 30, 2021 and 2020
(Unaudited) (stated in United States dollars)

9. Related Party Transactions - continued

Hilltop Financial, LLC

On November 16, 2018, the Company entered into a Promissory Note with Hilltop Financial, LLC, a related party (by common Director) to be utilized as a revolving line of credit with a maturity date of December 1, 2019 and which is collateralized by the accounts receivable of MFI Credit Solutions, LLC and Property Interlink, LLC. This revolving line of credit was renewed effective December 1, 2019 for one year with the same terms. The Company recorded \$Nil in accrued interest for the nine months ended September 30, 2021 (September 30, 2020 – \$7,468). As at September 30, 2021, the Company utilized \$Nil (December 31, 2020 - \$Nil) of the revolving line of credit. As at December 31, 2020, the Company had paid in full all outstanding balances associated with the line of credit.

Key Management Compensation

The Company had the following transactions with officers and directors of the Company and private companies controlled by officers and directors of the Company for management consulting and other services required:

The Company incurred \$615,160 in management fees and associated payroll for the nine months ended September 30, 2021 (September 30, 2020 - \$451,928) to key members of management. These fees are included in payroll, management and corporate services. At September 30, 2021 and 2020, all amounts had been paid.

10. Contract Liabilities

The Company recognized the following liabilities in Property Interlink, LLC related to contracts with customers as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Contract liabilities	\$ 493,135	\$ 453,051
Deferred revenue	436,931	288,823
Total	\$ 930,066	741,874

11. Revenue from Contracts with Customers

The Company derives revenue from the completion of real estate appraisals and from the delivery of consumer credit reports and ancillary credit reporting activity. The following revenues were recognized by Property Interlink, LLC, Reliable Valuation Services, LLC and MFI Credit Solutions, LLC for the period ended September 30, 2021 and 2020:

	For the nine months ended September 30		For the three months ended September 30	
	2021	2020	2021	2020
Appraisal revenue	\$ 11,604,957	\$ 8,290,238	4,033,156	3,443,416
Credit reporting revenue	4,284,702	3,723,214	1,333,338	1,436,485
Total	\$ 15,889,659	\$ 12,013,452	5,366,494	4,879,901

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
For the nine-month periods ended September 30, 2021 and 2020
(Unaudited) (stated in United States dollars)

12. Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares.

Issued	Number of Common Shares	Amount \$
Balance December 31, 2019 and 2020	15,552,525	7,519,769
Shares issued – exercise of options	200,000	187,732
Balance, September 30, 2021	15,752,525	7,707,501

13. Share-Based Payments

The Company has a Plan that enables its directors, officers, employees, consultants and advisors to acquire common shares of the Company. Options are granted at the discretion of the Board of Directors. Under the terms of the Plan, options totaling up to 10% of the common shares outstanding from time to time are issuable. The exercise price, vesting period and expiration period are fixed at the time of grant at the discretion of the Board of Directors.

	Number of options	Weighted average exercise price \$	Grant Date Fair Value
Outstanding and exercisable, December 31, 2020	800,000	0.61	0.61
Options exercised	(100,000)	0.50	0.53
Options exercised	(100,000)	0.37	0.48
Outstanding and exercisable, September 30, 2021	600,000	0.64	0.59

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life
Granted October 5, 2018	75,000 ⁽²⁾	75,000	\$ 1.31 ⁽³⁾	October 5, 2023	2.01
Granted May 8, 2019	50,000 ⁽⁴⁾	50,000	\$ 0.56 ⁽⁵⁾	May 8, 2024	2.60
Granted November 25, 2019	25,000 ⁽²⁾	25,000	\$ 0.53 ⁽⁶⁾	November 23, 2024	3.15
Granted, January 8, 2020	450,000 ⁽¹⁾	450,000	\$ 0.50 ⁽⁷⁾	January 7, 2025	3.27
Total	600,000	600,000			3.06

(1) An Executive Officers or Directors of the Company holds these options. They are fully vested.

(2) Key employees hold these options. They are fully vested.

(3) The exercise price is CAD \$1.75.

(4) A consultant of the Company holds these options. They are fully vested.

(5) The exercise price is \$0.75 CAD.

(6) The exercise price is \$0.71 CAD.

(7) The exercise price is \$0.65 CAD.

The fair value at grant date is determined by using the Black-Scholes model which considers the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements
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13. Share-Based Payments - continued

Effective January 8, 2020, the Company granted to directors and employees 550,000 options to purchase common shares of the Company with an exercise price of \$0.65 CAD. The options expire January 7, 2025 and vest immediately. Effective January 6, 2021, 100,000 options were exercised at CAD \$0.65 per share (\$0.501) for proceeds of CAD\$65,000 (\$50,050).

The following weighted average assumptions were used to calculate the fair value of the stock options granted during the period:

	2020
Share price (\$)	0.60 – 0.65
Expected dividend yield	Nil
Risk free interest rate (%)	1.57 – 1.67
Expected stock volatility (%)	145 - 150
Expected life (years)	5

Effective February 2, 2021, 100,000 options to purchase common stock of the Company were exercised at CAD \$0.47 (\$0.367) per share for proceeds of CAD\$47,000 (\$36,700).

14. Net Loss per Share

Basic and diluted loss per share has been calculated based on the weighted average number of common shares outstanding as at September 30, 2021, of 15,691,429 (December 31, 2020 – 15,552,525).

The dilutive effect of stock options is determined using the treasury stock method. The dilutive effect of contingently issuable shares is determined based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period and the contingency had been met. The contingently issuable shares are included in the denominator of diluted net income per share as of the beginning of the year, or as of the date of the contingent share agreement, if later. For the purposes of the weighted average number of common shares outstanding, common shares are determined to be outstanding from the date they are issued.

For the nine months ended September 30, 2021, 600,000 share options outstanding, were included in the diluted net income per share calculation, resulting in 15,873,505 weighted average number of common shares outstanding.

15. Notes Payable

On November 16, 2018, the Company entered into a promissory note with a principal amount of \$250,000 utilized as a revolving operating line of credit, which was renewed with a maturity date of December 1, 2020 and is collateralized by the accounts receivable of Property Interlink, LLC and MFI Credit Solutions LLC. The interest accrues at 6% per annum. The Company recorded \$Nil in accrued interest for the nine months ended September 30, 2021 (September 30, 2020 – \$7,468). As at September 30, 2021, the Company had paid in full all outstanding balances.

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16. Capital Disclosures

The Company's objectives when managing capital are to maintain its ability to continue as a going concern to provide return for shareholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company considers the items included in equity as capital, which totals \$3,823,601 as at September 30, 2021, (December 31, 2020 - \$2,848,896).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company does not have externally imposed capital requirements.

The Company's capital management objectives, policies and processes have remained unchanged during the period ended September 30, 2021 and the year ended December 31, 2020.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the Canadian Securities Exchange ("CSE"). The impact of any violation of CSE requirements is not known and is ultimately dependent on the discretion of the CSE.

17. Segmented Disclosures

The Company organizes its reporting structure into four reportable segments. For management purposes, the Company is organized into segments based on their products and services provided. Management monitors the operating results of each segment separately for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows:

- i) Property Interlink, LLC manages residential appraisals and maintains all of the ordering, tracking, administrative duties and details and ensures the timeliness of appraisals that are handled during a real estate mortgage transaction.
- ii) Starrex International Ltd., or Corporate, manages the wholly owned subsidiaries, as well as shareholder services and corporate governance.
- iii) MFI Credit Solutions, LLC manages consumer credit reporting and maintains all of the ordering, tracking, administrative duties and details required to support consumer credit reporting activities.
- iv) Reliable Valuation Service, LLC provides evaluations of residential real estate to third parties.

Starrex International Ltd.

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17. Segmented Disclosures - continued

Select financial information for the nine months ended September 30, 2021 is presented as follows:

	Property Interlink, LLC	MFI Credit Solutions, LLC	Corporate	Reliable Valuation Service, LLC	Total
Current assets	\$ 1,036,177	\$ 1,111,960	\$ 35,200	\$ 1,316,122	\$ 3,499,459
Property and equipment	26,299	18,069	205,681	26,771	276,820
Right-of-use assets	323,201	-	-	-	323,201
Intangible assets	73,732	786,146	76,055	-	935,933
Goodwill	621,132	294,156	-	-	915,288
Total assets	\$ 2,080,541	\$ 2,210,331	\$ 316,936	\$ 1,342,893	\$ 5,950,701
Current liabilities	\$ 1,028,340	\$ 588,936	\$ 174,643	\$ 126,546	\$ 1,918,465
Long-term liabilities	208,635	-	-	-	208,635
Total liabilities	\$ 1,236,975	\$ 588,936	\$ 174,643	\$ 126,546	\$ 2,127,100
Revenues	\$ 7,390,710	4,284,702	-	4,214,247	15,889,659
Expenses	\$ 7,265,232	3,957,993	97,086	3,587,851	14,908,162
Operating income (loss) from continuing operations before provision for income tax	\$ 125,478	\$ 326,709	\$ (97,086)	\$ 626,396	981,497
Income tax expense	\$ 36,631	1,948	-	54,963	93,542
Net income (loss) and comprehensive income (loss) for the period	\$ 88,847	\$ 324,761	\$ (97,086)	571,433	887,955

Starrex International Ltd.

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(Unaudited) (stated in United States dollars)

17. Segmented Disclosures - continued

Select financial information for the nine months ended September 30, 2020 is presented as follows:

	Property Interlink, LLC	MFI Credit Solutions, LLC	Corporate	Reliable Valuation Service, LLC	Total
Current assets	\$ 650,455	\$ 1,055,632	\$ 39,154	\$ 618,090	\$ 2,363,331
Property and equipment	28,367	28,932	-	5,600	62,899
Right-of-use assets	167,904	-	-	-	167,904
Intangible assets	91,076	888,292	111,432	-	1,090,800
Goodwill	621,132	294,156	-	-	915,288
Total assets	\$ 1,558,934	\$ 2,267,012	\$ 150,586	\$ 623,690	\$ 4,600,222
Current liabilities	\$ 1,731,375	\$ 818,969	\$ 69,030	\$ 53,788	\$ 2,673,162
Long-term liabilities	\$ 32,060	\$ -	\$ -	\$ -	\$ 32,060
Total liabilities	\$ 1,763,435	\$ 818,969	\$ 69,030	\$ 53,788	\$ 2,705,222
Revenues	\$ 5,197,158	3,723,214	-	3,093,080	12,013,452
Expenses	\$ 5,303,265	3,386,029	84,018	2,458,599	11,231,911
Operating income (loss) from continuing operations before provision for income tax	\$ (106,107)	\$ 337,185	\$ (84,018)	\$ 634,481	781,541
Income tax expense	\$ 28,033	5,000	300	12,750	46,083
Net income (loss) and comprehensive income (loss) for the period	\$ (134,140)	\$ 332,185	\$ (84,318)	621,731	735,458

18. Contractual Obligations and Commitments

- i) Effective November 1, 2020, the Company entered into a consulting agreement for appraisal compliance oversight with a maturity date of October 31, 2021. As at September 30, 2021, this agreement has a minimum commitment of \$3,500 (December 31, 2020-\$35,000).
- ii) Effective November 1, 2020, the Company entered into a lease agreement for its corporate headquarters located in Houston, Texas. The new lease has a term of 39 months with an annual base rent of \$105,462. Total future minimum lease payments are \$310,701.