Starrex International Ltd.

Consolidated Financial Statements

December 31, 2022 and 2021

Expressed in U.S. Dollars

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McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Starrex International Ltd.

Opinion

We have audited the consolidated financial statements of Starrex International Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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. 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets with indefinite useful lives	
We identified the impairment assessment of goodwill and other intangible assets as a key audit matter due to significant judgement and assumptions about the future performance. As disclosed in Notes 4 and 7 to the consolidated financial statements, as at December 31, 2022 the carrying value of goodwill and credit bureau repository codes was $564,453. Management has made a number of key assumptions and assertions to support their assessment of the carrying value of goodwill and other intangible assets attributable to this segment. The key assumptions include growth rates, discount rates applied and the forecast performance based on management's view of future business prospects. There is an impairment on goodwill and intangible assets of $376,972 for the year ended December 31, 2022.	In this regard, our audit procedures included: Assessing the valuation methodology adopted by management which is disclosed in Note 7 to the consolidated financial statements; Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; Reconciling input data used in the cash flow forecasts to supporting evidence; Considering the potential impact of reasonably possible downside changes in these key assumptions; and Meeting with the management to understand the assumptions they used in building up the discounted cash flow model. In performing our audit procedures, we engaged our independent valuation specialists to assess the discount rate applied by benchmarking against independent data.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis

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 Management's Discussion and Analysis 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 IFRS, 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 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 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 judgement 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 risks 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

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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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 1, 2023

Starrex International Ltd.

Consolidated Statements of Financial Position

Expressed in U.S. dollars

		December 31, 2022		December 31, 2021
ASSETS				
Current Assets				
Cash	**$**	**7,856,519**	$	2,172,169
Accounts receivable (Note 8)		**479,346**		992,155
Escrowed receivable (Note 20)		**350,000**		-
Notes receivable (Note 9)		**1,716,889**		-
Prepaid expenses		**42,791**		113,209
		10,445,545		3,277,533
Non-current assets				
Property and equipment (Note 3)		**263,749**		318,235
Intangible assets (Note 4)		**575,648**		898,093
Goodwill (Note 7)		**-**		915,288
Right-of-use assets (Note 5)		**169,883**		289,895
Total assets	**$**	**11,454,825**	$	5,699,044
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**772,586**	$	1,634,845
Contract liabilities (Note 10)		**-**		295,613
Income taxes payable		**1,458,607**		-
Note payable (Note 16)		**850,000**		-
Current portion of lease liabilities (Note 5)		**93,503**		91,501
		3,174,696		2,021,959
Non-current Liabilities				
Lease liabilities (Note 5)		**85,515**		206,879
Total liabilities	**$**	**3,260,211**	$	2,228,838
Shareholders' equity				
Share capital (Note 12)		**8,275,933**		7,707,501
Contributed surplus (Note 13)		**390,136**		390,136
Accumulated other comprehensive income		**(261,534)**		(261,534)
Deficit		**(209,921)**		(4,365,897)
Total shareholders' equity		**8,194,614**		3,470,206
Total liabilities and shareholders' equity	**$**	**11,454,825**	$	5,699,044

Subsequent events (Note 21)

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

On Behalf of the Board:

Signed: Matthew D. Hill
Chairman

Signed: Scott M. Reeves
Director

Starrex International Ltd.

Consolidated Statements of Income and Comprehensive Income
For the fiscal years ended December 31, 2022 and 2021
Expressed in U.S. dollars

		2022		2021
Income				
Revenue from contracts with customers (Note 11)	**$**	**3,627,366**	$	5,373,760
Consulting income		**167,918**		-
Other revenue		**13,327**		-
		3,808,611		5,373,760
Expenses				
Transaction costs		**2,338,581**		3,539,973
Payroll expense		**807,037**		606,827
General and administrative		**153,770**		402,643
Professional fees		**569,322**		258,708
Management and corporate services (Note 6)		**410,560**		410,560
Depreciation and amortization (Notes 3, 4 and 5)		**291,068**		170,753
Shareholder services		**22,788**		18,879
Government, regulatory and filing fees		**28,445**		24,197
Interest expense (Notes 5 and 16)		**15,491**		-
Impairment loss (Note 4 and 7)		**376,972**		-
Franchise tax expense		**15,866**		6,888
		5,029,900		5,439,428
Loss before provision for income taxes for continuing operations		**(1,221,289)**		(65,668)
Income tax expense (Note 14)		**-**		48,540
Net loss from continuing operations	**$**	**(1,221,289)**	$	(114,208)
Income from discontinued operations, net of tax (Note 20)	**$**	**5,377,265**	$	648,768
Net income and comprehensive income for the year	**$**	**4,155,976**	$	534,560
Basic net income (loss) per share for the year (Note 15)				
Continuing operations	**$**	**(0.08)**	$	(0.01)
Discontinued operations		**0.34**		0.04
Net income per share for the year	**$**	**0.26**	$	0.03
Diluted net income (loss) per share for the year (Note 15)				
Continuing operations	**$**	**(0.07)**	$	(0.01)
Discontinued operations		**0.33**		0.04
Net income per share for the year	**$**	**0.26**	$	0.03
Weighted average number of common shares outstanding (Note 15)				
Basic		**15,832,968**		15,741,840
Diluted		**16,097,776**		15,917,469

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

Starrex International Ltd.

Consolidated Statements of Changes in Equity
For the fiscal years ended December 31, 2022 and 2021
Expressed in U.S. dollars

	Number of Shares		Value		Contributed Surplus		Deficit		Accumulated Other Comprehensive Income		Total
Balance, December 31, 2020	**15,552,525**	**$**	**7,519,769**	**$**	**491,118**	**$**	**(4,900,457)**	**$**	**(261,534)**	**$**	**2,848,896**
Options exercised (Note 12)	200,000		187,732		(100,982)		-		-		86,750
Net income for the year	-		-		-		534,560		-		534,560
Balance, December 31, 2021	15,752,525	**$**	7,707,501	**$**	390,136	**$**	(4,365,897)	**$**	(261,534)	**$**	**3,470,206**
Shares issued for services (Note 12)	543,588		568,432		-		-		-		568,432
Net income for the year	-		-		-		4,155,976		-		4,155,976
Balance, December 31, 2022	16,296,113	**$**	8,275,933	**$**	390,136	**$**	(209,921)	**$**	(261,534)	**$**	**8,194,614**

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

Starrex International, Ltd.

Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
Expressed in U.S. Dollars

	December 31, 2022	December 31, 2021
Cash flows from operating activities		
Net loss from continuing operations for the year	**$ (1,221,289)**	$ (114,208)
Items not affecting cash:		
Depreciation and amortization (Notes 3, 4 and 5)	**291,068**	170,753
Impairment loss (Note 4 and 7)	**376,972**	-
Accrued interest income	**(8,761)**	-
Net change in non-cash working capital items relating to operating activities		
Accounts receivable	**(126,196)**	46,021
Prepaid expenses	**(157)**	979
Accounts payable and accrued liabilities	**(383,872)**	123,655
Cash flows from operating activities - continuing operations	**(1,072,235)**	227,200
Cash flows from operating activities - discontinued operations	**(170,941)**	819,610
Cash flows from operating activities	**(1,243,176)**	1,046,810
Cash flows from investing activities		
Purchase of property and equipment	**(53,044)**	(268,419)
Proceeds issued on note receivable	**(5,247,383)**	-
Repayment of note receivable	**3,539,255**	-
Cash flows from investing activities - continuing operations	**(1,761,172)**	(268,419)
Cash flows from investing activities - discontinued operations	**7,955,685**	(34,388)
Cash flows from investing activities	**6,194,513**	(302,807)
Cash flows from financing activities		
Proceeds from notes payable	**850,000**	-
Principal lease payments	**(91,501)**	(37,427)
Exercise of options	**-**	86,750
Cash flows from financing activities - continuing operations	**758,499**	49,323
Cash flows from financing activities - discontinued operations	**(25,486)**	(114,757)
Cash flows from financing activities	**733,013**	(65,434)
Increase in cash during the year	**5,684,350**	678,569
Cash, beginning of year	**$ 2,172,169**	$ 1,493,600
Cash, end of year	**$ 7,856,519**	$ 2,172,169

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

<u>Non-cash financing activities:</u>

Right-of-use asset (Note 5)	**-**	**311,588**
Lease liability (Note 5)	**-**	**311,588**

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

1. Nature of Operation

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.

These consolidated financial statements were approved by the Board of Directors on May 1, 2023.

2. Significant Accounting Policies

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2022.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise noted.

Basis of Presentation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Principles of Consolidation

These consolidated financial statements include the Company and its wholly owned subsidiaries, Property Interlink, LLC, MFI Credit Solutions, LLC, Reliable Valuation Service, LLC, Starrex Technical Services, Inc., Starrex Insurance Holdings, Inc., and Starrex Holdings, Inc. All subsidiaries at December 31, 2022 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 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.

2. Significant Accounting Policies - continued

Business Combinations

A business acquisition is a transaction or other event in which control over one or more businesses is obtained. A business is an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits. A business consists of inputs and processes applied to those inputs that have the ability to create outputs that provide a return to the Company and its shareholders. A business need not include all of the inputs and processes that were used by the acquiree to produce outputs if the business can be integrated with the inputs and processes of the Company to continue to produce outputs. If the integrated set of activities and assets is in the research and development stage, and thus, may not have outputs, the Company considers other factors to determine whether the set of activities and assets is a business.

In accordance with IFRS 3, Business Combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill and allocated to cash generating units. Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Non-controlling interest in an acquisition may be measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

If the fair value of the net assets acquired exceeds the purchase consideration, the difference is recognized immediately as a gain in profit or loss.

Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2. Significant Accounting Policies - continued

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with Financial Instruments (“IFRS 9”) or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Judgments and Estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies.

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 consolidated financial statements are as follows:

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 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.

c) Applying the 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.

d) 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 is also subject to tax regulations as they relate to flow-through financing arrangements. The Company's interpretation of taxation law as applied to transactions

2. Significant Accounting Policies – continued

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.

e) 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 consolidated financial statements.

f) 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.

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 the majority 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 financial statements is USD.

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.

Revenue Recognition

Appraisal Services

Customers contractually initiate appraisal requests with Reliable Valuation Service, LLC, which provide real property valuations for mortgage lenders and banks. Revenue is recognized from appraisal services when the requested appraisal report is provided to the customer and collection is reasonably assured. Unsatisfied contracts at the end of a reporting period are reported as deferred revenue. These contracts are at fixed prices.

2. Significant Accounting Policies – continued

Appraisal Management Fees

During the course of business, Property Interlink, LLC charges a management fee for appraisals associated with loans. These management fees are recognized when the appraisal is ordered.

Credit Reporting Services

MFI Credit Solutions, LLC provides consumer credit reports to the real estate industry and consumer service companies. Revenue is derived primarily from mortgage banks and brokers.

Revenue is recognized from credit reporting services when the requested credit report is provided to the customer and collection is reasonably assured. Unsatisfied contracts, if any, at the end of a reporting period are reported as deferred revenue. Credit reports are delivered instantly upon request. These contracts are at fixed prices.

Management Fees

Starrex International, Ltd. provides management consulting services to third parties. Revenue is recognized when the consulting activity has been completed. These contracts are at fixed prices.

Payment terms

The Company's payment terms require payment upfront or if credit is permitted, payment without penalty to be made within 30 days after the customer accepts transfer of ownership or notice of completion.

Intangible Assets

The Company's intangible assets consist of:

- Non-compete employment agreements;
- Customer relationships; and.
- Credit bureau repository codes.

The Company amortizes licensed software and proprietary software over its estimated useful life of 5 years on a straight-line basis. The Company amortizes non-compete employment agreements over the life of the agreement of 4-5 years. The Company amortizes its customer relationships over their estimated useful life of 5-10 years. The credit bureau repository codes are not amortized as they have an indefinite life.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses if any. Intangible assets acquired through business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization methods of the intangible assets are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

2. Significant Accounting Policies - continued

Internally Generated Intangible Assets

The Company recognizes expenditures on research activities as an expense in the year in which it incurs the expenditures. It recognizes an internally generated intangible asset arising from development if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditures attributable to the intangible asset during its development.

Property and equipment and right-of-use assets

Property and equipment and right-of-use assets are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis over the assets' estimated useful lives.

Furniture & equipment	5 - 7 years
Leasehold improvements	5 years
Right-of-use assets	Lesser of lease term or useful life

An asset's residual value, useful life and depreciation method are reviewed at the end of each reporting period and adjusted if appropriate. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

During their construction, property and equipment are not subject to depreciation. When the asset is available for use, depreciation commences.

Gains and losses on the disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

2. Significant Accounting Policies - continued

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVTPL or at amortized cost. Accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of income. The Company measures cash, accounts receivable, escrowed receivable and loan receivable at amortized cost.

Subsequent measurement – financial assets at FVTPL

Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of income. The Company does not measure any financial assets at FVTPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of income when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's financial assets subject to impairment are accounts receivable arising from appraisal and credit reporting activities, escrowed receivable and loan receivable which are measured at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

2. Significant Accounting Policies - continued

The Company has elected to apply the simplified approach to impairment of accounts receivable as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

For all other financial instruments, the Company recognizes the loss allowance for that financial instrument at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk on these other financial instruments since initial recognition, lifetime ECLs are recognized. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company’s financial liabilities include accounts payable and accrued liabilities and note payable which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of income.

The Company measures accounts payable and accrued liabilities and note payable at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of income.

Compound financial instruments

The components of compound financial instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The liability component of a compound financial instrument is recognized initially at fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

2. Significant Accounting Policies - continued

Subsequent to initial recognition, the liability component is accounted for at amortized cost using the EIR method until the instrument is converted or the instrument matures. The liability component accretes up to the principal balance at maturity. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. As at December 31, 2022 and 2021, the Company did have a convertible instrument (Note 16).

Fair value of financial instruments

The Company's financial instruments consist primarily of cash, accounts receivable, escrow receivable, loan receivable, accounts payable and accrued liabilities and note payable. The following fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – Unadjusted quoted prices in active markets of identical assets or liabilities.
- Level 2 – Quoted prices for similar assets or liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs for the asset or liability.

The carrying amounts of these financial instruments approximates its fair value due to the short-term nature. There were no financial instruments subsequently measured at fair value.

Impairment of non-financial assets

The non-financial assets of the Company are comprised of property and equipment, intangible assets and goodwill. For non-financial assets excluding goodwill and indefinite life intangible assets, the Company assesses at each reporting date whether there is an indication that an asset or Cash Generating Unit ("CGU") may be impaired. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If any indication exists, then the Company estimates the asset's recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

Goodwill and intangible assets with indefinite life are reviewed for impairment annually or more frequently if there are indications that impairment may have occurred. Goodwill impairment and intangible assets with intangible life are tested at either the individual or group CGU level and is determined based upon the recoverable amount of the individual CGU or group of CGUs compared to the individual CGU or group of CGUs respective carrying amount(s). The recoverable amount is the higher of fair value less costs to sell and the value in use. Value in use is generally determined using the discounted cash flow method. If the impairment loss exceeds the carrying amount of goodwill or intangible assets with indefinite life, the asset is written off completely. Any impairment loss left over is allocated to the remaining assets of the individual CGU or group of CGUs.

2. Significant Accounting Policies - continued

Cash

Cash includes deposits held with banks.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Stock-based Compensation

The Company has in effect a Stock Option Plan (the “Plan") which is described in Note 12. The Plan allows Company employees, directors and officers to acquire shares of the Company for a specified option amount set on the date of grant. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes model and is recorded as stock-based compensation expense over the vesting period of the options. Consideration paid on the exercise of stock options is credited to share capital. The contributed surplus associated with the options is transferred to share capital upon exercise.

Income Per Share

Basic income per common share is calculated by dividing the income attributed to shareholders for the year by the weighted average number of common shares outstanding in the year. Diluted income per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Leases

At the 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 of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at

2. Significant Accounting Policies - continued

cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use assets are adjusted for impairment losses, if any. The estimated useful lives and recoverable amounts of right-of-use assets are determined on the same basis as those of property, plant and equipment. 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 interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal group as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal group classified as assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net income (loss) from discontinued operations for the year in the consolidated statements of income and comprehensive income. Additional disclosures are provided in Notes 20. All

2. Significant Accounting Policies - continued

other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Comparative Figures

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the December 31, 2022 audited consolidated financial statements. The Company has reclassified discontinued operations operating, in the consolidated statements of net income and comprehensive income and consolidated statements of cash flows.

Changes in Accounting Policies

The Company adopted the following new or amended pronouncements as at January 1, 2022.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. These amendments had no material impact on the consolidated financial statements.

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. These amendments had no material impact on the consolidated financial statements.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. These amendments had no material impact on the consolidated financial statements.

2. Significant Accounting Policies – continued

Standards Issued or Amended Which Will be Adopted in Future Periods

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

(expressed in United States dollars)

3. Property and Equipment

		Furniture & Equipment		Leasehold Improvements		Total
Cost						
As at December 31, 2020	$	491,321	$	72,201	$	563,522
Additions		249,556		53,251		302,807
As at December 31, 2021	$	740,877	$	125.452	$	866,329
Additions		40,299		12,745		53,044
Disposals (Note 20)		(419,573)		-		(419,573)
As at December 31, 2022	**$**	**361,603**	**$**	**138,197**	**$**	**499,800**
Accumulated depreciation						
As at December 31, 2020	$	433,084	$	68,318	$	501,402
Expense		40,777		5,915		46,692
As at December 31, 2021	$	473,861	$	74,233	$	548,094
Expense		57,523		9,372		66,895
Disposals (Note 20)		(378,938)		-		(378,938)
As at December 31, 2022	**$**	**152,446**	**$**	**83,605**	**$**	**236,051**
Net book value						
As at December 31, 2021	$	267,016	$	51,219	$	318,235
As at December 31, 2022	$	209,157	$	54,592	$	263,749

(expressed in United States dollars)

4. Intangible Assets

	Business Software & Website	Proprietary Software	Non-Compete Agreements	Customer Relationships	Credit Bureau Repository Codes	Total
Cost						
As at December 31, 2020 and 2021	$ 67,113	$ 200,377	$ 310,746	$ 834,962	$ 647,269	$ 2,060,467
Disposals (Note 20)	(67,113)	(200,377)	(42,487)	(138,354)	-	(448,331)
Impairment (Note 7)	-	-	-	-	(82,816)	(82,816)
As at December 31, 2022	**$ -**	$ -	$ **268,259**	$ **696,608**	$ **564,453**	$ **1,529,320**
Accumulated depreciation						
As at December 31, 2020	**$** 67,113	$ 193,222	$ 239,402	$ 508,344	$ -	$ 1,008,081
Expense	-	2,934	33,581	117,778	**-**	154,293
As at December 31, 2021	**$ 67,113**	$ **196,156**	$ **272,983**	$ **626,122**	$ **-**	$ **1,162,374**
Expense	-	-	33,581	116,625	**-**	150,206
Disposals (Note 20)	(67,113)	(196,156)	(41,986)	(53,653)	**-**	(358,908)
As at December 31, 2022	**$ -**	$ **-**	$ **264,578**	$ **689,094**	$ **-**	$ **953,672**
Net Book Value						
As at December 31, 2021	**$** -	$ 4,221	$ 37,763	$ 208,840	$ 647,269	$ 898,093
As at December 31, 2022	**$ -**	**$ -**	**$ 3,681**	**$ 7,514**	**$ 564,453**	**$ 575,648**

(expressed in United States dollars)

5. 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.

In June 2021, the Company entered into an office lease agreement, with monthly lease payments of $8,789 until November 2024. The Company applied a discount rate of 6% in the calculation of lease liabilities. The Company did not enter into any new leases which would require a recognition of right-of-use assets and lease liabilities during the year ended December 31, 2022.

Right-of-use assets

Right-of-use asset		**Total**
As at December 31, 2020	$	417,133
Additions		311,588
Leases expired		(341,909)
Balance as at December 31, 2021	$	386,812
Disposals (Note 20)		(76,111)
Balance as at December 31, 2022	**$**	**310,701**
Accumulated depreciation		
Balance as at January 1, 2021	$	(290,565)
Expense		(148,261)
Leases expired		341,909
Balance as at December 31, 2021	$	(96,917)
Disposals (Note 20)		69,142
Expense		(113,043)
Balance as at December 31, 2022	**$**	**(140,818)**
Net book value		
As at December 31, 2022	**$**	**169,883**
As at December 31, 2021	$	289,895

Lease Liabilities

		Total
Balance as at January 1, 2021	$	138,976
Additions		311,588
Principal lease payments		(152,184)
Balance as at December 31, 2021	$	298,380
Disposals (Note 20)		(2,375)
Principal lease payments		(116,987)
Balance as at December 31, 2022	$	179,018
Current portion of lease liabilities	$	93,503
Long-term portion of lease liabilities	$	85,515

(expressed in United States dollars)

The following is a reconciliation from the undiscounted lease payments to the lease liabilities:

2023	$ 105,462
2024	$ 87,885
Total contractual cash flows	**$ 193,347**
Less: interest expense	$ 14,329
Lease liability	**$ 179,018**

6. Related Party Transactions

Amcap Mortgage Ltd.

AmCap Mortgage Ltd., a related customer (by common Director), accounted for $8,170,084 (December 31, 2021 - $12,696,799) of revenue to the Company. Of this amount, $5,641,637 relates to revenue from discontinued operation (December 31, 2021 - $9,585,646)(Note 20). As at December 31, 2022 $151,305 (December 31, 2021 – $450,189) is included in accounts receivable on the consolidated statements of financial position.

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:

i) The Company incurred $1,704,842 in management fees, bonuses and associated payroll for the year ended December 31, 2022 (2021 - $857,976) to key members of management. These fees are included in payroll, management and corporate services and net income from discontinued operations. At December 31, 2022 and 2021 all amounts had been paid.

ii) The company also incurred $557,707 in share-based payments during the year ended December 31, 2022 associated with the issuance of 533,332 common shares to officers and directors associated with the divestiture of related assets in Property Interlink, LLC and Reliable Valuation Service, LLC. This compensation is included in discontinued operations (Note 20).

7. Goodwill

The change in net carrying amount of goodwill for the years ended December 31, 2022 and 2021 is as follows:

	Property Interlink, LLC	MFI Credit Solutions, LLC	Total
Balance, December 31, 2020 and 2021	$ 621,132	$ 294,156	$ 915,288
Disposal (Note 20)	(621,132)	-	(621,132)
Impairment	-	(294,156)	(294,156)
Balance, December 31, 2022	**$** -	**$** -	**$** -

During December 31, 2022, the Company divested the related assets of Property Interlink, LLC and goodwill in the amount of $621,132 was disposed of (Note 20). As at December 31, 2022, the

(expressed in United States dollars)

7. Goodwill - continued

remaining goodwill balance was allocated to MFI Credit Solutions, LLC. The Company has assessed that there is a single cash generating unit. The Company assesses whether there are events or changes in circumstances that would more likely than not reduce the fair value of its CGU to below its carrying value and, therefore, require goodwill to be tested for impairment at the end of each reporting period.

As at December 31, 2022, the Company performed its annual impairment test on the goodwill based on the higher of value in use ("VIU") and fair value less cost of disposal ("FVLCD") of the cash generating unit ("CGU"), determined in accordance with the expected cash flow approach, a level 3 valuation technique. The recoverable amount was determined to be the VIU, in the amount of $575,468. The key assumptions used in the calculation of the recoverable amount relate to five-year future cash flows, weighted average cost of capital ("WACC") and growth rate. These key assumptions were based on historical data from internal sources as well as industry and market trends.

WACC	2022	2021
Property Interlink, LLC	N/A	15.4%
MFI Credit Solutions, LLC	23.65%	17.9%

Growth rate	2022	2021
Property Interlink, LLC	N/A	15.4%
MFI Credit Solutions, LLC	0%	17.9%

As the recoverable amount was below the carrying value of $952,440 as at December 31, 2022, an impairment loss of $376,972 (2021 - $nil) was recognized, of which $294,156 allocated to goodwill, with the remaining allocated to credit bureau repository codes (Note 4).

8. Accounts Receivable

Accounts receivable primarily consists of outstanding balances in Property Interlink, LLC, MFI Credit Solutions, LLC and Reliable Valuation Service, LLC associated with the completion of appraisals and delivery of credit reports.

Accounts receivable balances as at December 31, 2022 and 2021 are as follows:

		2022		2021
Appraisal receivables	$	7,495	$	644,790
Credit reporting receivables		195,069		307,021
Other receivables		276,782		40,344
Total	$	479,346	$	992,155

Aging of accounts receivable as at December 31, 2022 and 2021 are as follows:

	Appraisal Receivables				Credit Reporting Receivables			
Aging		2022		2021		2022		2021
Current	$	-	$	360,630	$	184,485	$	284,074
31-60 days		-		193,820		8,845		17,987
61-90 days		-		19,525		692		-
>90 days		7,495		70,815		1,047		4,960
Total	$	7,495	$	644,790	$	195,069	$	307,021

(expressed in United States dollars)

9. Note Receivable

The Company entered into four agreements effective October 17, 2022, to provide operating capital through a revolving promissory note to title insurance companies. The promissory notes carry a 6% per annum interest rate with a maturity date of June 30, 2023. At the option of the Company, the note will become immediate due and payable. As at December 31, 2022, the Company recorded interest income of 8,761.

10. Contract Liabilities

The Company recognized the following liabilities in Property Interlink, LLC and Reliable Valuation Service, LLC related to contracts with customers as of December 31, 2022 and 2021:

	2022	2021
Contract liabilities	$ -	$ 295,613
Total	$ -	$ 295,613

Of the $295,613 (December 31, 2020 - $288,823) in contract liabilities as at December 31, 2021, $295,613 was recognized as revenue during the year ended December 31, 2022 (December 31, 2021 - $288,823).

11. Revenue from Contracts with Customers

The Company derives revenue from the delivery of consumer credit reports and ancillary credit reporting activity. The following revenues were recognized MFI Credit Solutions, LLC for the year ended December 31, 2022 and 2021:

	2022	2021
Credit reporting revenue	$ 3,627,651	$ 5,373,760
Total	$ 3,627,651	$ 5,373,760

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, 2020	15,552,525	7,519,769
Shares issued – exercise of options (Note 13)	200,000	187,732
Balance, December 31, 2021	15,752,525	7,707,501
Shares issued	543,588	568,432
Balance, December 31, 2022	**16,296,113**	**8,275,933**

(expressed in United States dollars)

12. Share Capital - continued

During December 31, 2021, 200,000 options were exercised for gross proceeds of $87,377 ($112,000 Canadian Dollars ("CAD")). The grant date fair value of options exercised of $100,982 was reallocated from contributed surplus to share capital. The weighted average share price at the time of exercise was $0.44 per share.

On November 7, 2022, 543,588 common shares valued at $568,432 ($739,280 CAD), based on the quoted market price of the Company's common shares at the time of issuance, were issued in connection with the asset sale of Property Interlink, LLC and Reliable Valuation Service, LLC. Certain officers and directors received 533,332 common shares, valued at $557,707 ($725,332 CAD). This compensation is included in discontinued operations (Note 20).

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, December 31, 2020	800,000	0.61	0.59
Options exercised	(100,000)	0.50	0.53
Options exercised	(100,000)	0.37	0.48
Outstanding and exercisable, December 31, 2021 and 2022	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	$	1.38[(3)]	October 5, 2023	0.76
Granted May 8, 2019	50,000[(4)]	50,000	$	0.59[(5)]	May 8, 2024	1.35
Granted November 25, 2019	25,000[(2)]	25,000	$	0.56[(6)]	November 23, 2024	1.90
Granted, January 8, 2020	450,000[(1)]	450,000	$	0.51[(7)]	January 7, 2025	2.02
Total	**600,000**	**600,000**				**1.80**

(1) Executive Officers or Directors of the Company hold 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.

(expressed in United States dollars)

14. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 – 26.5%) and the United States federal statutory income tax rate of 21% (2021 – 21%) to the effective tax rate is as follows:

		2022		2021
Loss before provision for income taxes	**$**	**(1,221,289)**	$	(65,668)
Expected income tax expense	**$**	**(273,000)**	$	(31,000)
Adjustments to expected income tax expense:		**-**		
Other		**57,000**		-
Expenses not deductible for tax purposes		**7,000**		7,000
Change in tax benefits not recognized		**209,000**		72,540
Income tax expense	**$**	**-**	$	48,540

Unrecognized Deferred Tax

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

		2022		2021
Recognized deferred tax assets and liabilities:				
Non-capital loss carry-forwards	**$**	**-**	$	20,000
Other temporary differences		**-**		(20,000)
Total	**$**	**-**	$	-

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		2022		2021
Unrecognized deferred tax assets:				
Canadian capital losses carried forward	**$**	**2,263,000**	$	2,407,000
Canadian non-capital losses carried forward		**3,320,000**		3,166,000
United States intangible assets		**378,000**		234,000
United States non-capital losses carried forward		**87,000**		497,000
Other		**61,000**		13,000
Total	**$**	**6,109,000**	$	6,317,000

The Canadian non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

(expressed in United States dollars)

14. Income Taxes - continued

The Company's Canadian non-capital income tax losses expire as follows (in CAD):

2026	$ 47,000
2027	48,000
2029	80,000
2030	70,000
2031	71,000
2032	105,000
2033	149,000
2034	553,000
2035	849,000
2036	1,174,000
2037	419,000
2038	105,000
2039	206,000
2040	116,000
2041	295,000
2042	211,000
	$ 4,498,000

The Company's United States non-capital income tax losses carried forward are $87,000 (2021 – $497,000) and may be carried forward indefinitely subject to an 80% limitation of taxable income.

15. Net Income per Share

Basic and diluted income per share has been calculated based on the weighted average number of common shares outstanding in 2022 of 15,832,946 (2021 – 15,741,840).

The dilutive effect of stock options is determined by using the treasury stock method and adjusts the figure used in the determination of basic earnings per share to take into account the weighted average number of shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2022	**2021**
Numerator:		
Net loss from continuing operations	**(1,221,289)**	(114,208)
Realized gain from disposition of assets, net of tax (Note 20)	**5,467,916**	-
Net income from discontinued operations (Note 20)	**(90,651)**	648,768
Net income for the year	**4,155,976**	534,560
Denominator:		
Weighted average number of common shares outstanding - basic	**15,832,968**	15,741,840
Weighted average effect of diluted stock options (i)	**264,808**	175,629
Weighted average number of common shares outstanding - diluted	**16,097,776**	15,917,469

(expressed in United States dollars)

15. Net Income per Share - continued

Basic net income (loss) per share for the year		
Continuing operations	**(0.08)**	(0.01)
Discontinued operations	**0.34**	0.04
Net income per share for the year	**0.26**	0.03
Diluted net income (loss) per share for the year		
Continuing operations	**(0.07)**	(0.01)
Discontinued operations	**0.33**	0.04
Net income per share for the year	**0.26**	0.03

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 75,000 options that were anti-dilutive for the year ended December 31, 2022 (December 31, 2021 – 75,000).

16. Notes Payable

On November 16, 2018, the Company entered into a promissory note with Agents National Title Insurance Company to be utilized as a revolving line of credit in support of acquisition activity. The note is collateralized by the assets of the Company and carries an interest rate equal to the prime rate less 0.50%, which is paid monthly. At the option of the lender, the loan amount shall be convertible into common shares of the Company, with the conversion price based on the quoted market price at the time of conversion. As the conversion price is not fixed, the entire convertible instrument has been classified as a liability. As at December 31, 2022, the Company had an outstanding balance of $850,000.

17. 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 $8,194,614 as at December 31, 2022 (December 31, 2021 - $3,470,206).

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 years ended December 31, 2022 and 2021.

18. Financial Risk Factors

The Company's financial instruments consist of cash, accounts receivable, escrowed receivable, note receivable, accounts payable and accrued liabilities and note payable. As at December 31, 2022 and 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:

18. Financial Risk Factors - continued

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.

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. The Company has not experienced any collection issues with respect to its trade and other receivables and has not provided for expected credit losses in 2022 or 2021.

For all other financial instruments, the Company recognizes the loss allowance for that financial instrument at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk on these other financial instruments since initial recognition, lifetime ECLs are recognized. The Company has not experienced any collection issues with respect to its escrow receivable and loan receivable and has not provided for expected credit losses in 2022 or 2021.

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 December 31, 2022, the Company had cash of $7,856,519 (2021 - $2,172,169) available to settle current liabilities of $3,174,696 (2021 - $2,021,959).

The Company has the following undiscounted contractual obligations subject to liquidity risk, in addition to those relating to lease liabilities disclosed in Note 5.

	<1 year	2-5 years	< 5 years
Accounts payable and accrued liabilities	$ 772,586	$ -	$ -
Income tax payable	1,458,607	-	-
Note payable (Note 16)	850,000	-	-
Total	$ 3,081,193	$ -	$ -

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 Company is exposed to this risk on its note payable, which bears variable interest rate as detailed in Note 16. The interest rate risks 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 December 31, 2022 and 2021, the Company held immaterial amounts of accounts receivable and accounts payable and accrued liabilities in Canadian currency and considers foreign currency risk to be low.

(expressed in United States dollars)

		December 31, 2022		December 31, 2021
Accounts receivable	**$**	**27,380**	$	14,886
Accounts payable and accrued liabilities		**(31,268)**		(2,241)
Total	**$**	**(3,888)**	$	(2,241)

Concentration Risk

The Company has certain customers whose revenue individually represented 10% or more of the Company's total revenue. Concentration risk for Amcap Mortgage, Ltd. is as follows:

	2022		2021	
Segment	**Revenue ($)**	**Revenue (%)**	**Revenue ($)**	**Revenue (%)**
Credit reporting revenue	$ 2,516,684	66	$ 3,111,153	58
Total	$ 2,516,684	66	$ 3,111,153	58

All of the Company's revenue for the year ended December 31, 2022 and 2021, was in the United States.

As at December 31, 2022, one customer, Amcap Mortgage, Ltd accounted for 78% ($151,305) of the Company's credit reporting receivable balances.

As at December 31, 2021, one customer, Amcap Mortgage, Ltd accounted for 54% ($169,766) of the Company's credit reporting receivable balances. As at December 31, 2021, two customers, Amcap Mortgage, Ltd and Finance of America Mortgage, accounted for 67% ($429,105) of the Company's appraisal accounts receivable balance.

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.

19. Segmented Disclosures

The Company organized its reporting structure into three 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 three reportable operating segments are as follows:

i) Property Interlink, LLC managed residential appraisals, maintained all of the ordering, tracking, administrative duties and details and ensured the timeliness of appraisals that are handled during a real estate mortgage transaction.

ii) 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.

iii) Reliable Valuation Service, LLC provided residential evaluations of residential real estate to third parties.

19. Segmented Disclosures - continued

The Company measures each reportable operating segment's performance based on revenue and segment operating income, which is the profit metric utilized by the Company's management, for assessing the performance of operating segments. As at December 31, 2022, the Company has a single reportable segment, credit reporting, and all of the Company's assets and equipment are located in US.

The internal reporting provided to the management of the Company's assets, liabilities, and performance is prepared consistently with the measurement and recognition principles of IFRS. The intercompany sales and advances have been eliminated in the consolidated financial statements. The Company does not report total assets or total liabilities based on its reportable operating segments.

On September 30, 2022, the Company announced that it has entered into an agreement to sell the net assets held by Property Interlink, LLC and Reliable Valuation Service, LLC. The transaction closed on November 7, 2022 and as a result, results for Property Interlink, LLC and Reliable Valuation Service, LLC for the years ended December, 2022 and 2021 have been classified as net income (loss) from discontinued operations in the consolidated statements of income (loss) and comprehensive income (loss). See Note 20.

20. Discontinued Operations

Starrex International Ltd. reached an agreement to divest substantially all the related assets of Property Interlink, LLC, an appraisal management company, and Reliable Valuation Service, LLC, a staff appraisal company, effective September 30, 2022. The transaction closed on November 7, 2022. These amounts have been classified as discontinued operations.

As a result, the operating results of Property Interlink, LLC and Reliable Valuation Service, LLC for the years ended December 31, 2022 and 2021 have been classified as net income from continued operations in the consolidated statements of income and comprehensive income.

The purchase price paid by the purchaser to the Company for Property Interlink, LLC and Reliable Valuation Service, LLC comprised of (i) a cash payment of $9,450,000 (subject to standard working capital adjustments); and (ii) amounts held escrow by the purchaser of $300,000 (the "purchase price escrowed amount") and $50,000 (the "retention escrow amount"). The Buyers will release an amount equal to all of the remaining funds in the Retention Escrow account minus any pending indemnification claim amount on November 7, 2023. The Purchase Price Escrow amount will be released upon receipt of Joint Direction from both Sellers and Buyers upon mutual agreement that trialing expenses and revenues have been reconciled and closed.

To conform with the current period classification of the discontinued operations, prior year results have been reclassified to discontinued operations.

(expressed in United States dollars)

Analysis of assets and liabilities over which the Company lost control is as follows:

		November 7, 2022
Proceeds		
Cash received	$	9,450,000
Escrow receivable		350,000
Working capital adjustment		150,221
Less costs of disposal:		
Legal fees		(89,726)
Consulting fees		(643,094)
Insurance		(54,716)
Bonus payments		(1,425,432)
		7,737,253
Net assets sold		
Accounts receivable	$	289,037
Prepaid expenses		62,342
Property and equipment, net of depreciation		40,635
Right-of-use asset		6,969
Intangible assets		89,423
Goodwill		621,132
Accounts payable and accrued liabilities		(6,236)
Contract liabilities		(314,259)
Lease liabilities		(2,375)
Net assets disposed of		786,668
Realized gain from disposition of assets	$	6,950,585
Income tax expense		(1,482,669)
Realized gain from disposition of assets, net of tax	$	5,467,916

(expressed in United States dollars)

Net income from discontinued operations and gain on sale of the divestitures is as follows:

	2022	2021
Revenue		
Contracts with customers	$ 10,224,264	$ 15,342,502
Expenses		
Transaction costs	6,957,514	10,418,555
Payroll expenses	1,603,950	2,140,892
General and administrative	1,411,151	1,539,724
Professional fees	167,076	188,219
Depreciation and amortization	39,076	178,493
Franchise tax expense	120,149	64,971
Total expenses	$ 10,298,916	$ 14,530,854
Income (loss) from discontinued operations before taxes	(74,652)	811,648
Realized gain on disposition of assets, net of tax	5,467,916	-
Income tax	(15,999)	(162,880)
Net income from discontinued operations	$ 5,377,265	$ 648,768

21. Subsequent Events

i) Effective March 17, 2023, the Company entered into a Purchase and Sale Agreement to purchase all of the member interests of All American Title Co., Inc., AmeriFirst Title, LLC, AAT Holdings, LLC, Ameripine, LLC and Amcap Title, LLC for an aggregate amount of $9,000,000 comprised of (i) a cash payment of $1,379,042; (ii) secured promissory note of $3,447,607 due and payable 12 months following the closing date; and (iii) secured convertible notes in the amount of $2,068,563 bearing interest at 6% per annum and due 36 months from the closing date.

i) Effective May 1, 2023, the Company entered into a non-binding letter of intent to purchase all of the member interests in Magnolia Title Arkansas, LLC, Magnolia Title Florida, LLC, Coast to Coast Title, LLC and Sol City Title, LLC. The proposed acquisition is expected to consist of the contributions of 100% of the issued and outstanding equity securities of Starrex Holdings, Inc., and Starrex Insurance Holdings Inc. (collectively, the "Starrex Subsidiaries"),by Starrex (on the one hand), and the contributions of 100% of the issued and outstanding equity securities of the Magnolias by their respective equity holders (each, a "Magnolia Contributor" and collectively, the "Magnolia Contributors") (on the other hand), to a newly formed U.S. corporation organized under the laws of the State of Delaware or some other State selected by Starrex ("Newco"), in exchange for Newco stock (the "Proposed Transaction"). The stock consideration has been reduced by the aggregate expected amount of promissory notes (Note 9) that will be outstanding at the Closing (as defined herein) of the Proposed Transaction in the aggregate amount of US$4 million (the "Magnolias Debt"), which notes were recently issued by the Magnolias to Starrex. The transaction is subject to the completion of a binding agreement, which would then be subject to regulatory and shareholder approval, among other conditions. There can be no guarantee that this transaction will close on the terms noted or at all.