



Simplifying Digital Transformation

NTG Clarity Networks Inc.
Annual Report 2023



30+ Years of Service



Who We Are

NTG Clarity is a digital transformation business. By providing outsourced software development solutions and proprietary software products, we accelerate and simplify the digital journey for our clients in the enterprise telecom, financial, and IT sectors.

NTG Clarity helps clients scale and stay connected by serving as a long-term technology partner in a rapidly-changing and increasingly digital world.



Our Vision

Is to make digital transformation accessible worldwide, capitalizing on our deep knowledge and experience in different industries to provide competitive, top-tier products and services.



Our Mission

Enabling clients' Business Excellence and efficiency by architecting and delivering world class portfolios of integrated IT solutions owned by distinguished and highly motivated professionals.

Industry Context

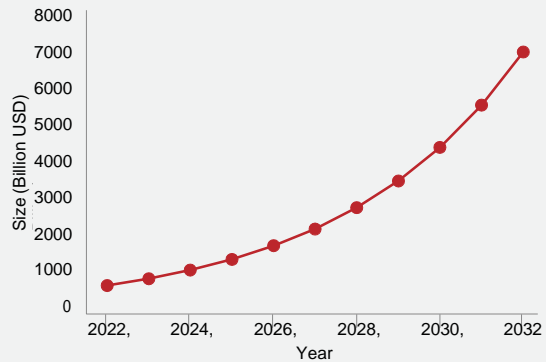
Digital transformation is a booming global market sized at \$937 Billion in 2023 and expected to hit \$7 trillion by 2032 ([Prector Research](#)).



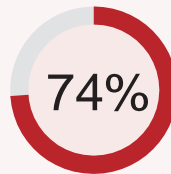
20.9%

Compounded Annual Growth Rate
Of Global Digital Transformation Market

Digital Transformation Market Size, 2022 to 2032



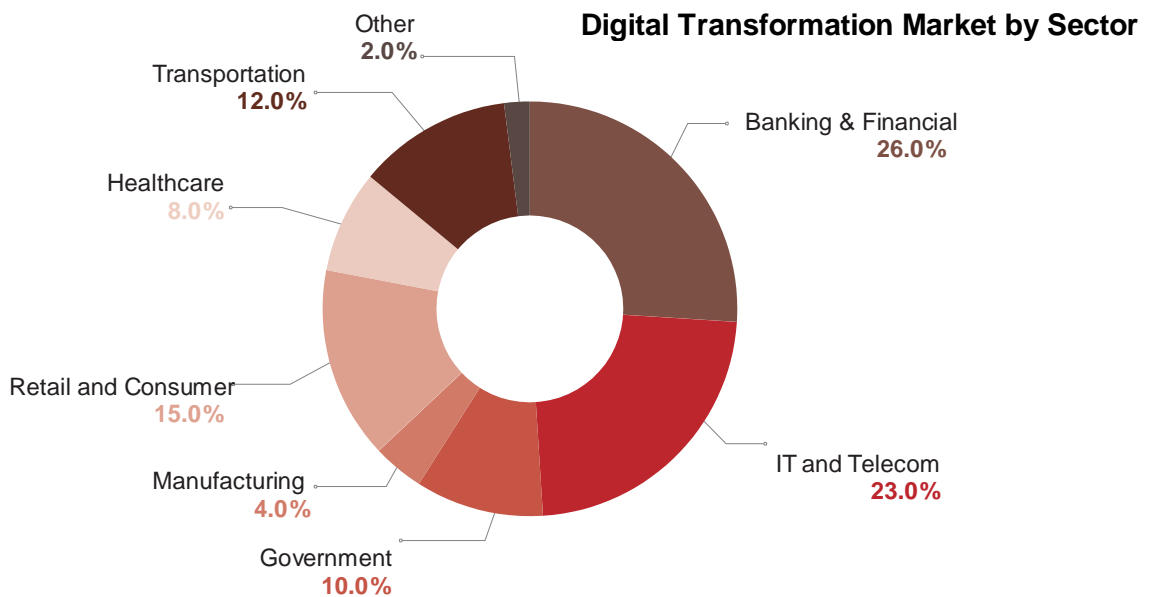
Since the pandemic in 2020, business leaders all over the world have recognized the importance of digitizing their organization. ([Flexera](#)).



Over 74% of organizations consider digital transformation a top priority.

Our primary sectors of Financial Services, Telecom, and IT make up half of the digital transformation market ([Fortune](#)).

With more than 30 years of industry knowledge and a wide network of professionals, NTG Clarity is positioned to be a key player in this growing market.



About NTG Clarity

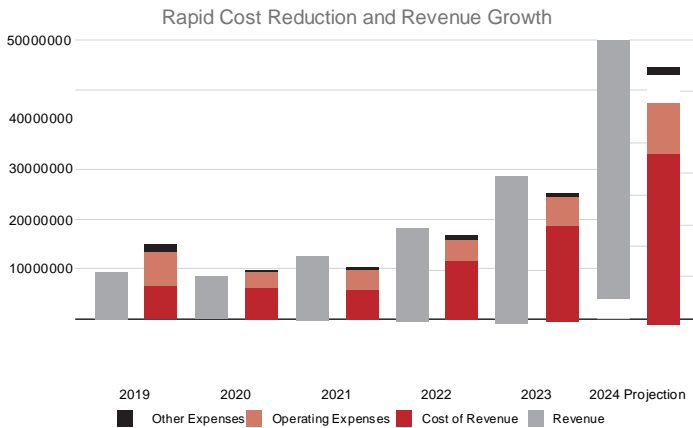


30+ Years of Service

More than 30 years of experience providing enterprise services and software solutions to major tier-one enterprises worldwide.

Team of Over 700

IT and Network Design, Engineering, Implementation, and Software Development professionals, many of whom have been with us 10+ years.



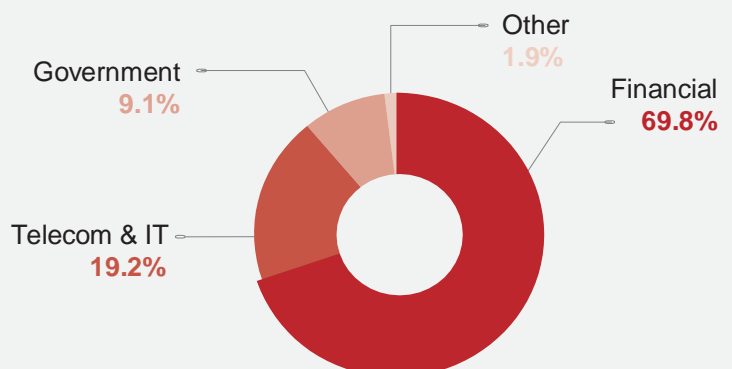
57% Revenue Growth in 2023

\$27.7 Million in 2023 Revenue

50+ Enterprise Clients

Across Finance, Telecom, and other large enterprises, with many customers working with us 10 years or more.

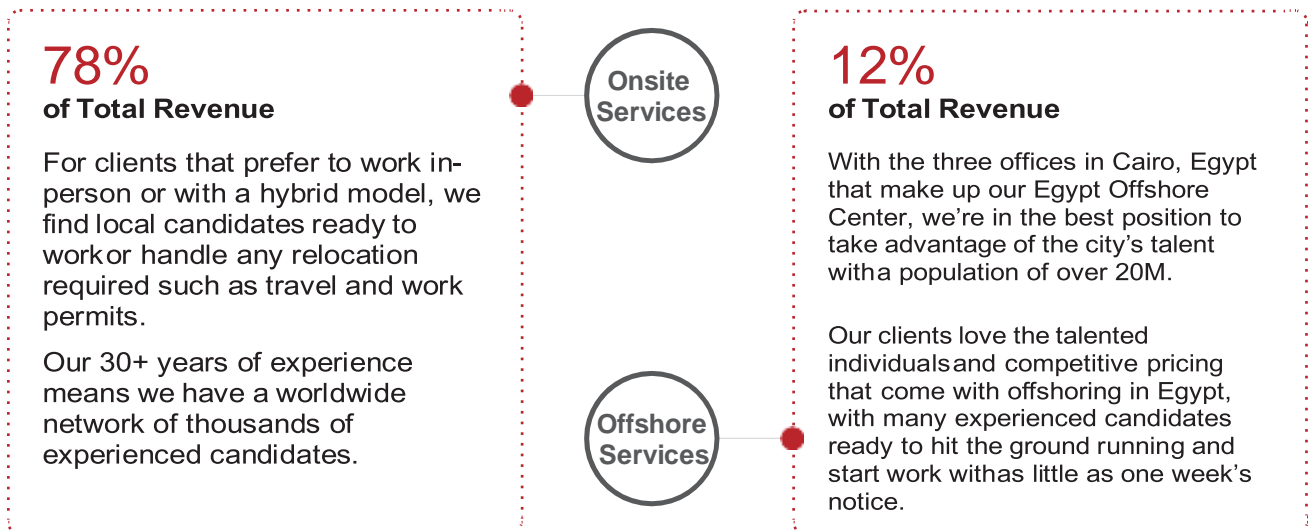
NTG Clarity Revenue by Sector



Lines of Business

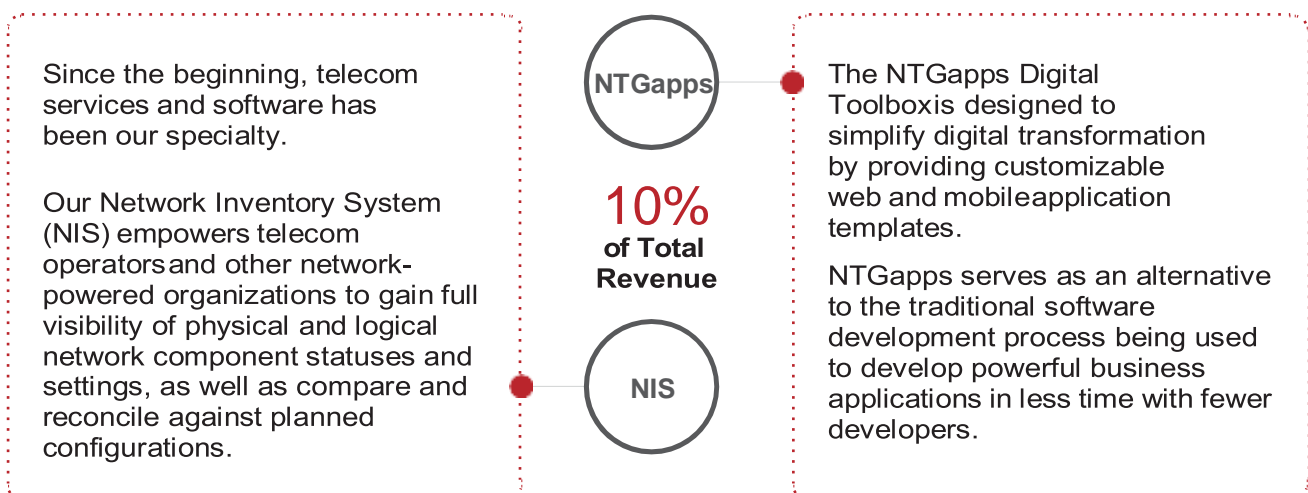
Outsourced Software Development

A booming trend in Digital Transformation means enterprises around the world are looking to rapidly expand their software development teams.



Software Products

More than 30 years in Digital Transformation has given us insight into gaps in the market that we've sought to fill with proprietary software products and implementations.



Praise From Our Customers



I was extremely impressed with the quality of the people NTG Clarity provided to our team. These individuals were made available quickly despite our short timeframe requirements, yet they brought with them a wealth of technical skills and experience.

NTG's team was quick to learn the intricacies of our complex systems and showed great professionalism and attention to detail. I was also impressed by how proactive NTG's personnel were, providing solutions and alternatives to challenges of any magnitude. I would definitely recommend NTG Clarity to anyone in need of technical services.



I wanted to extend a thank you note to the NTG Clarity team as they worked with us in the Mobile site control project for the last 9 months and ongoing.

We see NTG as an important and effective partner, and we would not hesitate to recommend their products and services. We look forward to working with NTG team on future projects.



NTG Clarity implemented its Network Inventory and Network Projects Workflow (NIS) for Ooredoo Oman.

We have been very satisfied with the solution, the implementation and the team. The NIS system meets our needs and has been flexible to accommodate our new requirements.

We have been impressed by the NTG Clarity team, their knowledge, dedication and professionalism in the inventory domain and we liked their flexibility and commitment.

We would recommend NTG Clarity Network solution for other operators.

Letter to shareholders

Dear NTG Clarity Investor,

2023 has been a historic year for NTG Clarity. With every quarter breaking all-time revenue records, we're experiencing growth never before seen in our more than 30 years in business.

Revenues for 2023 were up 57% to \$27.7 Million compared to \$17.65 Million in 2022 with a profit of \$2.3 Million in 2023, up 190% from \$788,433 in 2022, making three consecutive profitable years. With a global trend of enterprises undergoing rapid digital transformation, both our offerings of outsourced software development resources and proprietary software products have seen rapidly growing demand that shows no signs of slowing down.

Since embracing our new offshore model in 2021, we've been able to connect more clients with talented candidates faster, accelerating their digital transformation journeys. All while at a lower cost to clients and a higher margin for us. This is the primary driver behind our profitability in the last three years.

To accommodate the increase in demand, we expanded our Egypt Offshore Center by opening a new office in Cairo, Egypt in 2023. This office in the Al-Aghouza district along the Nile River, our third in Cairo, has since become our flagship offshore resource campus, with space for more than one hundred new staff and room to expand further when needed in the future.

In 2023, we solidified our commitment to education, training, and personal development by opening the NTG School in cooperation with the Egyptian Ministry of Education. This partnership aims to equip Egyptian secondary school students with a dual curriculum, integrating NTG's specialized technology training alongside the ministry's curriculum. NTG proudly dedicates a team of educational engineers ensuring comprehensive training for the next generation in the exciting field of digital transformation.

Although most of our growth was due to increased demand for our outsourcing services, our software product line is picking up. Many of our existing customers in the Finance, Telecom, and IT sectors are embracing the NTGapps platform as a way to rapidly develop business apps to simplify day-to-day operations with no developer resources required. New customers in sectors like Food & Beverage and Logistics & Distribution are also signing on to have end-to-end ERP systems developed on our NTGapps platform.

We continue to improve our working capital, with our deficit down 41% to \$2,092,663 from 2022 to 2023. Our growth in 2023 has enabled us to prioritize getting legacy debts repaid. Going into 2024, we also look forward to paying down our long-term debts incurred when refocusing the business in 2019. Our non-current liabilities are majority management-owned and relatively low-cost with flexible repayment terms.

We kick-started this growth and repayment process in December 2023 with the closing of a private placement with the proceeds of \$1,110,000, to be used for accounts payable and other corporate initiatives. As our revenues continue to grow and we remain comfortably self-funded, we're constantly looking for ways to invest and grow even faster.

In July 2023, we received approval from shareholders to perform a five-to-one share consolidation. Although the consolidation has not been executed by the end of 2023, we're looking forward to cleaning up our count of shares outstanding and bringing a little more stability to the stock with a higher price per share. Shareholders can also enjoy higher earnings per share due to the lower share count, but also due to our strong growth trajectory.



With every quarter breaking all-time revenue records, we're experiencing growth never before seen in our more than 30 years in business.

Entering 2024, we'd like to share our four-part commitment to:

1. **Customers** by providing flexible, quality services at a competitive price.

We accelerate and simplify the digital transformation journey for our clients by providing the right solution delivered by passionate professionals both on their sites and offshore.

2. **People** by helping our staff grow and develop personally and professionally.

We empower our staff to build and deliver challenging projects while providing opportunities for training and career advancement both internally and outside NTG.

3. **Shareholders** by continuing our growth trajectory and profitability.

With purchase orders on-hand and contracts we expect to close, we project our 2024 revenue to approximately double to \$50 Million.

With three years of consistent profitability under our belt, we're actively identifying opportunities to make sure as much of this new revenue as possible flows on to the bottom line.

4. **Community** by passing our experience down to the next generation.

We provide youth education and employment opportunities tailored to the modern job market through the NTG School.

We're very excited to continue our successful growth into 2024 and use our growing funds to create value for our shareholders by reinvesting into further growth, and also paying down our longer-standing debts. I'd like to thank you, our valued investor, for your continued confidence. Looking forward to another successful year in 2024.

Sincerely,

Ashraf Zaghloul

Ashraf Zaghloul

Chairman and Chief Executive Officer
NTG Clarity Networks Inc.

1. Customers

We accelerate and simplify the digital transformation journey for our clients by providing the right solution delivered by passionate professionals both on their sites and offshore.



2. People

We empower our staff to build and deliver challenging projects while providing opportunities for training and career advancement both internally and outside NTG.



3. Shareholders

With three years of consistent profitability under our belt, we're actively identifying opportunities to make sure our revenue growth continues and as much of this new revenue as possible flows on to the bottom line.



4. Community

We provide youth education and employment opportunities tailored to the modern job market through the NTG School.



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Corporate Information



Management's Discussion & Analysis of Financial Conditions and Results of Operations

This management discussion and analysis (MD&A) focuses on key statistics from the consolidated financial statements and pertains to known risks and uncertainties relating to the digital transformation, telecom and consulting industries. This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. This discussion and analysis of the financial condition and results of operations has been prepared as of April 27, 2024, for the year ending December 31, 2023 and should be read in conjunction with the audited consolidated financial statements and related notes and material contained in other parts of this annual report.

Additional information related to the Corporation is available on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements in this MD&A and associated notes and financial statements may be considered "forward-looking" within the meaning of applicable securities laws. These statements reflect the Corporation's plans and expectations based on our experience, interpretation of past trends, key assumptions and other relevant information available at the date that such statements are made.

The statements involve business, economic and competitive risks, uncertainties and contingencies. There is significant risk that predictions, projections or conclusions will not prove to be accurate and actual results may differ materially from estimates, expectations, or intentions expressed.

The forward-looking statements in this MD&A and associated notes and financial statements are based on what we believe are reasonable assumptions, however we caution readers not to place undue reliance on our forward-looking statements. We assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances, except as required by securities law.

Business Overview

NTG Clarity is a Canadian publicly traded Corporation (TSXV: NCI; OTC: NYWKD) that provides digital transformation solutions: software development outsourcing and software products. We have been providing engineering, Information Technology, and networking services and developing niche software products for telecommunications and utilities providers since our start in 1992. We have also expanded into the financial and government sectors, providing technical resources and products to assist customers with projects that include digital transformation.

We are headquartered in Toronto, Canada and have subsidiaries/branch offices in Cairo, Egypt; the USA; Riyadh, Saudi Arabia and Muscat, Oman. The Corporation is organized into two business segments: the Canadian segment, which is made up of activities in Canada and our offices in Saudi Arabia and Oman; and the Egypt segment, which is our primary delivery centre for software development and professional services, offshoring services and network services to customers worldwide.

Summary of Major NTG Events in 2023

This year's announcements highlighted \$41.788 Million in contracts and POs signed with customers including 14 new customers in 2023. We have been increasing our customer base across multiple verticals and regions as announced throughout the year.



41.788M
in contracts

In Q1 2023, we announced the following:

- The receipt of multiple POs valued at \$12.22 Million. Of this amount, \$6.852 Million was recurring revenue and \$5.368 Million was for new work including work from new customers.
- In February, we attended Mobile World Congress (MWC) in Barcelona. This is one of the biggest events for IT and telecommunications in the world. We presented to prospective customers and increased the awareness of NTG's products and services. We look forward to marketing our NTGapps product in other such events throughout the year.

In Q2 2023, we announced the following:

- In April we received multiple POs for professional services work valued at approximately \$1.069 Million for new work and renewals of ongoing contracts.
- We signed a 3-year Professional Services Supply Agreement with a leading IT services company in the Gulf Region that provides services to both the public and private sectors. This is one of the largest offshoring agreements for us to-date with a maximum value ceiling amount of approximately \$10.7 Million and estimated expenses of \$8M.

In Q3 2023, we announced the following:

- The receipt of 49 POs received were valued at \$9 Million including approximately \$3.6 Million from new customers.
- We also announced a new office space in Cairo dedicated to projects stemming from the \$10.7 Million Frame Agreement announced in April 2023 as well as other new customers.

In Q4 2023, we announced the following:

- The receipt of 11 POs that were valued at \$8.8 Million. Of this amount, half was recurring revenue and half was for new customers.
- In December, we closed a private placement of 37,000,000 common shares at a price of \$0.03 per Common Share for gross proceeds of \$1,110,000. The Common Shares issued pursuant to the Private Placement will be subject to a four-month hold period.

Canada

Our Canadian office serves as our corporate headquarters and accounts for 7% of NTG's revenue (2022: 12%). We continued to work on two projects through our Canadian office and brought on 2 new customers for products.

Egypt

Our Egypt offices serve as our primary delivery centre for offshore professional services and software development.

Egypt continues to be a challenging place to do business with restrictions on using foreign currency for business operations and on moving funds out of the country. The Egyptian pound (EGP) has continued to drop in value, dropping from around 18.2 EGP to the Canadian dollar in January to about 23.3 EGP in December 2023, a 28% drop in value (<https://www.exchange-rates.org/exchange-rate-history/cad-egp-2023>). Other effects in the economy include an interest rates of 19.25% and official inflation rate of 33.6 percent in December. This has resulted in NTG Egypt having to increase salaries to help personnel cope with the changing economy.

The continuing devaluation of the Egyptian Pound and the resulting economic slowdown has resulted in reduced revenue on translation. Egypt's contribution in 2023 was 9% of the Corporation's revenue (2022: 24%).

This drop in revenue was expected and planned, as since 2021, as well as supporting Egypt's legacy customers, management has transformed NTG Egypt into primarily a delivery centre for offshore services for international customers through our Egypt Offshore Centre. Since embracing our new model, we have connected clients with talented candidates faster, and accelerated their digital transformation journeys, all the while at a lower cost to them and consistent margins for us. This is the primary driver behind our profitability in the last three years.

In 2023, we solidified our commitment to education, training, and personal development by opening the NTG School in cooperation with the Egyptian Ministry of Education. This partnership aims to equip Egyptian secondary technology school students with a dual curriculum, integrating NTG's specialized technology training alongside the ministry's standard curriculum. NTG donates the time of a team of educational engineers to ensure comprehensive training for the next generation in the exciting field of digital transformation.

Despite difficult economic times in Egypt, NTG has been able to thrive by providing employment and professional development opportunities for the local population and providing offshore services to customers worldwide.

Kingdom of Saudi Arabia (KSA)

KSA has shown an unprecedented increase in demand for our products and services and for our offshore services, with a 109% increase in revenue contribution for the country this year with 91% of our professional service work and 81% of our revenue being from KSA (2022: 76% and 62% respectively).

NTG has developed excellent brand recognition and a solid track record over the years, which is an asset to our work in the region. As a result of the onboarding of new customers over the past few years, 70% of our revenue in 2023 was from customers in the Banking & Finance sectors, whereas historically most of NTG's revenue has come from the Telecom sector.

Oman

In 2023, we continued work for our customer in Oman, who is using our NTS Network Inventory and Project Management software products. This customer has been with NTG for over 10 years and while recurring revenues have decreased as the development and implementation was completed, annual support fees and change requests contributed 2% to NTG's revenue in 2023 (2022: 5%)

Outlook

NTG has had incredible growth this year with each quarter breaking revenue records, and with Q4 having our highest single-quarter revenue ever.

Consolidated revenue for Q4 2023 was \$8,224,124, up 43% from \$5,742,867 for the same period in 2022. Year-to-date revenues are up by 57% from 2022 (\$27,728,117 compared to \$17,652,313).

Since 2021, as well as supporting NTG Egypt's legacy customers, management has transformed NTG Egypt into a supplier of offshore services for international customers through our Egypt Offshore Centre. Since embracing our new offshore model, we have been able to connect more clients with talented candidates faster, accelerating their digital transformation journeys, all the while at a lower cost to them and consistent margins for us. This is the primary driver behind our profitability in the last three years.

As KSA continues to focus on diversifying its economy away from Oil & Gas, we expect the strong demand for our services in other sectors like Banking & Finance and other large enterprises to continue as these sectors rapidly build out technical infrastructure and software.

With the existing backlog of \$22.7 Million in POs and contracts, we anticipate that 2024 will be another record-breaking year with revenue projections of over \$50 Million.

Entering 2024, our two main focuses are:

1. **Continuing our growth trajectory.** With POs on-hand and contracts we expect to close, we project our 2024 revenue to almost double to \$50 Million.
2. **Driving further profitability.** With three years of consistent profitability under our belt, we are actively identifying opportunities to make sure as much of this new revenue as possible flows on to the bottom line.

Summary of Quarterly Results

In Q4 2023, NTG recorded its highest quarter revenue in its history, and each quarter in 2023 has had increasing record-setting revenues. Historically, NTG's operating results have fluctuated due to the timing of new contracts and their corresponding billing, and we expect this trend to continue.

The following table shows a summary of our eight most recent quarters (in Canadian dollars).

2023	Revenue	Net Income (Loss)	Profit (Loss) per Share	Diluted Profit per Share	Total Assets
Quarter One	\$ 6,127,177	\$ 637,745	\$ 0.004	\$ 0.004	\$ 9,826,280
Quarter Two	\$ 6,373,261	\$ 698,261	\$ 0.005	\$ 0.004	\$ 10,014,812
Quarter Three	\$ 7,003,553	\$ 509,880	\$ 0.003	\$ 0.003	\$ 11,332,113
Quarter Four	\$ 8,224,124	\$ 469,848	\$ 0.000	\$ 0.000	\$ 12,392,158
TOTAL	\$ 27,728,117	\$ 2,315,735	\$ 0.01	\$ 0.01	\$ 12,392,158

2022	Revenue	Net Income	Profit per Share	Diluted Profit per Share	Total Assets
Quarter One	\$ 4,320,604	\$ 554,342	\$ 0.00	\$ 0.00	\$ 6,524,801
Quarter Two	\$ 3,403,633	\$ 191,362	\$ 0.00	\$ 0.00	\$ 6,398,118
Quarter Three	\$ 4,185,208	\$ 434,489	\$ 0.01	\$ 0.01	\$ 7,260,075
Quarter Four	\$ 5,742,867	\$ (391,759)	\$ 0.00	\$ 0.00	\$ 8,167,611
TOTAL	\$ 17,652,313	\$ 788,434	\$ 0.01	\$ 0.01	\$ 8,167,611

Quarterly and Annual Results of Operations

Our team's hard work and dedication has resulted in 2023 having the highest revenue in NTG's history, with Q4 2023 being the highest-ever single quarter revenue. NTG's business continues to operate and support customers' operations, with significant increasing revenues in Saudi Arabia. We continue to rely on collections and short-term loans to finance operations. Generally, in 2023, collections have been within acceptable limits and with our increase in revenues we anticipate eliminating the majority of legacy accounts payable by the end of 2024.

Financial highlights for the three months and year ending December 31, 2023:

Revenue

Consolidated revenues for the three months ending December 31, 2023 was \$8,224,124 compared to \$5,742,867 for the same period in 2022. Revenue for the year increased 57% to \$27,728,117 compared to \$17,652,313 reported in the prior year.

Outsourced professional services revenue continues to be the primary source of revenue for us. Offshore work has been a significant contributor to this year's record revenue amount (\$12%). In total, professional services contributed \$24,875,456 or 90% to revenue, as compared to 81% in 2022. Product-related revenue was \$2,852,662.

Consolidated revenues for Q4 2023 for the Egypt operating segment were down 49% to \$573,474 compared to \$1,114,021 in 2022. Though we support Egypt's legacy customers, NTG Egypt is now primarily the delivery centre for offshore services for our international customers.

For the Canadian operating segment, revenues increased 65% to \$7,650,650 compared to \$4,628,846 in Q4 2022. For the year ending December 31, 2023 revenues increased 88% to \$25,123,148 compared to \$13,359,140 in 2022. The increase in revenue in Canada is driven primarily by expansion in the KSA market, which has recently become a rapidly growing emerging market in need of technology and software to help meet their growth goals.



57%

Consolidated revenues are 57% higher this year primarily due to:



a 50% and 73% increase in work for our two largest customers respectively in the financial sector in KSA.



the addition of 14 new customers bringing in 20.4% (\$5,670,146) of our 2023 revenue

Though we currently have 3 Canadian customers, the Middle East continues to be where the majority of NTG's revenue comes from and as of December 31, 2023, represents 99% of total revenue.

Historically, the majority of our revenue has come from the telecommunications industry; however, since 2021 we have been increasing work with customers in Banking & Finance and Government sectors.

Banking is rapidly growing and undergoing a digital transformation, so by offering customers IT and software development services, 70% of NTG's 2023 revenue now comes from the Banking & Finance sector.

Unbilled Revenue

Unbilled revenue (now called Contract Assets) is revenue which has been earned and therefore recognized in compliance with IFRS, but which has not been billed to the client(s) due to contract terms and/or billing cycle.

NTG derives revenue from fees charged to customers for licenses for software products and professional services: support, consulting, development, training, and other services.

Revenue can be recognized for projects based on time and materials for professional services, or on a percentage of completion basis for product implementation and support. Both can result in unbilled revenue until the customer is invoiced.

Based on NTG's contracts, the customer is invoiced upon the completion of defined milestones and/or the required customer acceptance. For many contracts, revenue is recognized each month, but billed on a quarterly basis and we anticipate this to continue.

As of December 31, 2023, unbilled revenue was \$198,729 compared to \$354,485 at December 31, 2022.

Cost of Sales and Gross Margin

Cost of sales consists of the expense of personnel providing professional services, and services to implement and provide technical support for our solutions. In addition, it includes an allocation of certain direct and indirect costs attributable to these activities.

Cost of sales for the three months and year ending December 31, 2023 were \$6,766,407 and \$18,504,982 (2022: \$4,143,609 and \$10,929,917).

Cost of sales	December 31, 2023	December 31, 2022
Salaries and wages	\$ 13,794,531	\$ 9,695,623
Consulting	3,533,530	–
Travel	518,168	742,196
Hardware	57,522	79,907
Other expenses	601,231	412,191
TOTAL	\$ 18,504,982	\$ 10,929,917

For the Egypt operating segment, the cost of sales for the three months and year ending December 31, 2023 were \$2,928,137 and \$3,366,344 respectively compared to \$1,532,508 and \$3,584,913 in 2022.

For the Canadian operating segment, the cost of sales for the three months and year ending December 31, 2023 were \$3,838,270 and \$15,138,638 respectively compared to \$2,611,102 and \$7,345,003 in 2022.

The gross margin for the year ending December 31, 2023 was 33% compared to 38% in 2022. Realistic margins are anticipated to be between 30-40%, based on the product and service mix of the clients served.

Operating Expenses

For the three months and year ending 2023, expenses were \$2,127,157 and \$6,619,501 respectively compared to \$1,219,102 and \$4,468,092 in 2022.

Selling and Marketing

Selling and marketing expenses consist primarily of sales staff remuneration, commissions, travel, advertising, consulting, and trade show costs.

Sales and marketing expenses for the three months and year ending December 31, 2023 were \$817,485 and \$2,172,925 respectively compared to \$451,922 and \$1,717,956 in 2022.

	For the twelve months ended	
	December 31, 2023	December 31, 2022
Selling		
Salary and wages	\$ 1,636,417	\$ 1,416,599
Marketing and advertising	391,821	248,356
Mailing and courier	6,903	7,481
Professional services	19,538	29,617
Meals and entertainment	19,756	15,904
Travel	98,490	–
Total	\$ 2,172,925	\$ 1,717,956

Sales and marketing expenses increased in 2023 by 26% as we actively visited potential customers. We also required more sales personnel to service multiple departments in our existing KSA customers. Major drivers for the increase in sales and marketing expenses were:

- Participation in several trade shows:
 - Mobile World Congress (MWC) in Barcelona (February 27 to March 2, 2023): we met existing and potential customers and showcased our NTGapps software product.
 - MWC in Las Vegas (September 26-28, 2023): we presented our network inventory and telecom in a box use cases that solve the urgent need for fast and reliable digital enablement; all of them built using our 100%configurable NTGapps platform.
 - GITEX in Dubai (October 16-20, 2023), the world's largest tech show
 - AfricaCom in South Africa (November 14-16, 2023): we engaged in several opportunities with companies in South Africa, Tanzania, Sudan, and introduced companies to our key products including NTS OSS/BSS and our NTGapps digital toolbox.

- Increase in the number of sales staff in KSA and Egypt, supported by the increasing number of customers and revenue.

General and Administrative

General and administration expenses (G&A) consist primarily of salary and benefits, rent and office expenses, insurance, professional fees, accounting and legal fees, director's fees, etc.

G&A expenses for the three months and year ending December 31, 2023 were \$963,855 and \$3,863,576 respectively compared to \$619,872 and \$2,455,510 in 2022.

Though salaries are lower as we capitalize our development of our software product NTGapps, there have been significant increases in:

- Occupancy and rent, as well as Office and general as we opened new offices in Egypt, expanded our office in KSA, and purchased two floors of our main Egypt location in El-Haram.
- Insurance due to the increased number of outsourced personnel in KSA.

The remainder of lines contained within G&A saw increases commensurate with our 57% increase in revenue.

General and Administrative	December 31, 2023	December 31, 2022
Salary and wages	\$ 2,147,792	\$ 1,648,646
Occupancy	151,522	114,484
Consulting	47,016	52,878
Professional fees	155,675	113,650
Insurance	954,900	480,172
Dues and subscriptions	40,853	27,941
Penalties and fees	24,215	(50,020)
Office and general	341,603	67,759
Total	\$ 3,863,576	\$ 2,455,510

Foreign Exchange Gain/Loss

Each entity in the Corporation determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency and the presentation currency of the parent entity is the Canadian dollar. Transactions in foreign currencies are initially recorded in respective functional currency rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate at the reporting date. Differences are taken to the statement of profit or loss and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The functional currency of the subsidiary NTG Egypt Advanced is the Egyptian pound, and the functional currency of the subsidiary NTG Clarity Networks US Inc. is the US Dollar.

An entity may present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the

presentation currency. For example, when a group contains individual entities with different functional currencies, the results and financial position of each entity are expressed in a common currency so that consolidated financial statements may be presented.

For practical reasons, a rate that approximates the exchange rates at the dates of the transactions, for example an average rate for the period, is often used to translate income and expense items. However, if exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate.

IAS 21.–47, in addition to IAS 21.–43, apply when the results and financial position of a foreign operation are translated into a presentation currency so that the foreign operation can be included in the financial statements of the reporting entity by consolidation or the equity method.

For the quarter ended December 31, 2023, the Corporation recognized a foreign currency exchange loss of \$345,818 compared to a loss of \$147,308 for the same period in 2022. For the year ending December 31, 2023, the Corporation recognized a foreign currency exchange loss of \$583,000 compared to a loss of \$294,625 for the year ending 2022. For more information on foreign exchange, see Note 4(b): Foreign currency translation.

Other Expenses

Research and Development

With the exception of NTGapps, our flagship product, research and development is paid for by customer requests and is therefore included in cost of sales.

Provision for Bad Debt

NTG made a provision for bad debt in 2023 of \$66,606 (2022: \$ Nil).

Amortization of Intangible Assets

Intangible assets are related to the NTGapps low-code digital transformation platform being capitalized since late 2020. Expenditures on development of the software are recognized as an asset from the time the Corporation has determined an indefinite future economic benefit exists.

The amortization costs for the three months and year ending December 31, 2023 were \$122,033 and \$421,218 respectively compared to \$78,756 and \$277,416 in 2022.

Interest Expense

As of December 31, 2023, the interest expense for the three months and year was \$128,236 and \$378,985 compared to \$4,401 and \$315,656 for the same periods in 2022. In Q4 2022, an interest accrual was reversed, resulting in an abnormally low interest expense for that quarter. YTD interest expenses were 20% lower as we repaid some of our long-term investment in KSA and some of our loan/line of credit in Egypt.

Share-based Compensation

NTG has a formal stock option plan allowing the issuance of options to directors, officers, employees and consultants in order to attract and retain qualified and experienced individuals. All options granted are non-assignable, generally expire five years after the grant date, and usually vest over oneyear but can have varying vesting periods.

No options were granted to non-employees during 2023. Stock options granted during the three months and year ending December 31, 2023 totalled 300,000 and 3,230,000 compared to Nil and 7,045,000 in 2022.

The weighted average expected contractual lives of outstanding and exercisable options are shown in Note 18(b). 19,706,000 options have vested and there are 19,806,000 issued. The difference of 100,000 will vest in the foreseeable future (within the next 12 months) and the expense will be charged in the future quarters.

Income Taxes

There are no income taxes for the taxation year ending December 31, 2023 as NTG has income tax losses in the amount of \$12,657,781 that are available for Canadian federal and provincial tax purposes which may be carried forward to reduce future years' taxable income (2022: \$16,512,842).

Total Comprehensive Income after Taxes (Net Income)

For Q4 2023, the Corporation recorded a net income of \$469,848 compared to a net loss of \$391,759 for the same period in 2022. For the year ending December 31, 2023, the Corporation recorded a net income of \$2,315,735 compared to \$788,434 in 2022.

The Egypt operating segment, for the three months ending December 31, 2023 recorded a net loss of \$1,051,006 compared to a net loss of \$846,779 in 2022. For the year ending December 31, 2023 there was a net loss of \$563,883 compared to a net loss of \$43,356 in 2022.

For the Canadian operating segment, for the three months ending December 31, 2023 recorded a net income of \$1,520,854 compared to \$455,021 in 2022. For the year ending December 31, 2023 there was a net income of \$2,879,618 compared to \$831,790 in 2022.

Assets and non-current liabilities

As of December 31, 2023, the Corporation closed the year with \$358,088 cash on hand (2022: \$725,020), bid/performance bonds of \$293 (2022: \$17,431) and prepaid amounts of \$129,842 (2022: \$86,751).

Differences in prepaid amounts are due to the timing of insurance and rental renewals. The decrease in bond values compared to year-to-date 2022 occurred because of bonds that expired in Egypt. There were no bonds in KSA.

Property and equipment

Property and equipment of \$814,911 as of December 31, 2023 (2022: \$221,732) consists mainly of computer equipment and office furniture with a useful life of 4-10 years. In 2023, we also purchased real estate in Egypt for \$418,772 (2022: Nil) to accommodate the growth in staff working out of our Egypt Offshore Centre offices.

NTG had additions of \$689,149 in 2023 (2022: \$128,299) and depreciation of \$86,580 (2022: \$89,861). Furniture and computer equipment additions were in Egypt and KSA for our new and expanded offices, and laptops for our expanding workforce. Note the depreciation includes depreciation of our right-of-use asset of \$79,202 (see Note 17 for more information).

Intangible assets

In 2022 and 2023, intangible assets relate to the upgrade of our internally developed NTGapps platform capitalized from 2020 to 2023.

NTGapps facilitates the digital transformation journey for enterprises in all business verticals and allows them to automate their processes and create applications without the need for development.

In 2023, NTGapps development was capitalized for \$1,673,091 (2022: \$1,302,221). The amortization cost for 2023 was \$421,218 (2022: \$277,416).

An impairment test is performed on the non-current assets at year end, or when indicators warrant it. A test was performed at year end 2023 and there was no impairment. We will continue to assess on a quarterly basis for indicators of impairment.

Non-current liabilities

As of December 31, 2023, NTG had the following non-current liabilities:

- The outstanding indebtedness of \$6,512,880 held by a numbered Company is disclosed as a long-term debt on the Statements of Financial Position. See Note 19(a) and Note 26 for more information.
- An amount due from and owed to related parties includes balances owing to key management and key management compensation. See Note 27 for more information.
- Several loans payable of \$493,767, provided by international investors. See Note 26 for more information.

Liquidity and Capital Resources

NTG's principal requirement for capital is to provide working capital to fund its operations and support its organic growth. Historically, we have funded operations by using profits generated by operations and through the issuance of equity.

In 2023, we funded operations, changes in non-cash working capital and capital expenditures using internally generated cash flows, cash on hand and short-term loans.

As of December 31, 2023, we had a declining working capital deficit of \$2,092,663 compared to a deficit of \$3,557,883 at December 31, 2022, which is a 42% improvement.

Cash Flow Provided by Operations

The cash in-flow from operating activities for the year ending December 31, 2023 was \$1,862,380 compared to \$2,213,655 for the same period in 2022. The differences included:

- a significantly larger net income (\$2,315,735) compared to \$788,434 in 2022)
- increased amortization amount (\$421,218) compared to \$277,416 in 2022)
- a \$2.5 Million increase in receivables and a \$962 Thousand decrease in payables compared to 2022

Cash Flow from Financing Activities

The cash in-flow from financing activities for the year ending December 31, 2023 was \$275,064 compared to an out-flow of \$216,985 for the same period in 2022. This was mainly because of:

- a paydown of our loans payable of \$207,993 compared to an increase of \$279,667 in 2022
- a decrease (\$207,993) in interest paid compared to an increase (\$279,667) in 2022
- the Private Placement in the amount of \$1,110,000 that took place in 2023

Cash Flow from Investing Activities

Cash out-flow from investing activities for the year ending December 31, 2023, was \$2,504,376 compared to \$1,430,520 for the same period in 2022. This was mainly because of:

- purchased real estate in Egypt to accommodate the growth in staff working out of our Egypt Offshore Centre offices.

- purchased computers and furniture associated with our new office in Egypt and our expanded office in KSA.
- Capitalization of our intangible asset

Commitments and Contractual Obligations

NTG was committed under agreements for the rental of office space in Canada at a monthly rate of \$6,639 monthly for the period from June 1, 2021 to May 31, 2022 and \$8,195 monthly for the period from June 1, 2022 to May 31, 2023.

In February 2023, we renewed the agreement and committed to pay \$8,195 monthly for the period from June 1, 2023 to May 31, 2024 and \$9,232 monthly for the period from June 1, 2024 to May 31, 2025.

Additionally, we are committed under agreements for the rental of office spaces in Egypt and Oman at a monthly rate ranging from \$1,200 to \$3,000 for the periods from 2022 to 2028. The total lease commitments for 2024 are \$539,393. See Note 17 and Note 29 for further explanation.



Debt and Credit Facilities

As of December 31, 2023, NTG's indebtedness continues to be controlled by a numbered Company, controlled by Ashraf Zaghloul, NTG CEO and Kristine Lewis, NTG President. The numbered Company retains the Indebtedness and the Security, and all the rights, title and interest together with the full benefit of all powers and all covenants and provisions contained in the Security. The Company has agreed to extend the grace period for principal installment repayments until December 2024. This has helped NTG significantly by helping with cash flow and reducing pressure on management to allow them to focus on business. The Indebtedness held by the Company is secured by a General Security Agreement (GSA) over the assets of the Corporation. It is listed as Long-term debt on the Interim Consolidated Statements of Financial Position.

Additionally, as of December 31, 2023, NTG Egypt Advanced Software, a subsidiary of NTG, had the following:

- an overdraft facility with QNB bank in Egypt in the amount of 7 Million Egyptian pounds (EGP) with an interest rate of 18%. The amount drawn on the facility as of December 31, 2023 is \$298,743 (2022: \$389,321).
- a loan with CIB bank in Egypt for 5,583,000 EGP, repayable in monthly principal payments of 232,625 Egyptian pounds plus interest (10% plus bank corridor rate) and with a maturity date of February 1, 2025. In December 2023, the loan was renegotiated to increase the amount to 5,750,000 EGP and charge principal repayments to 239,583 EGP plus interest and extend the maturity date to December 1, 2025.

As of December 31, 2023, the amount due was 5,750,000 EGP (approximately \$245,496) (2022: \$306,507).

In 2020, NTG received \$60,000 interest-free for the Canadian Emergency Business Account (CEBA) revolving line of credit. As of December 31, 2023, the Corporation has repaid the full \$40,000 against the loan. According to the Bank and the CRA, the balance owed of \$20,000 has been forgiven.

Off-Balance Sheet Arrangements

The Corporation has not entered into off-balance sheet financing arrangements. All commitments are reflected on the Corporation's balance sheet.

Transactions with Related Parties

Transactions between the Corporation and its subsidiaries, which are related parties to the Corporation, have been eliminated on consolidation. Related parties include key management, the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions.

The standard key management compensation is listed in Note 27.

The Corporation's long-term debt is controlled by a numbered Company, controlled by Ashraf Zaghloul, NTG CEO and Kristine Lewis, NTG President.

Basis of Preparation and Significant Accounting Policies

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Significant accounting policies are presented in detail in Note 3 of our audited consolidated financial statements for the year ending December 31, 2023. These are available on SEDAR (www.sedar.com).

The policies applied in these statements are based on IFRS issued and outstanding as of April 27, 2023, the date the Board of Directors approved the consolidated financial statements.

Proposed Transactions

At the Annual and Special meeting of shareholders held on July 7, 2023, shareholders voted to consolidate the common shares of the Corporation on the basis of up to five (5) pre-consolidation common shares for each post-consolidation common share.

Subsequent to year end, on board approval, in February 2024, management made an application to the TSX to proceed with the share consolidation at 5:1 ratio. As a result of the Consolidation, the number of issued and outstanding Shares will be reduced from 187,672,355 Shares to 37,534,471 Shares, subject to treatment of fractional shares.

Any fractional interest in shares that is less than 0.5 of a share resulting from the Consolidation will be rounded down to the nearest whole share and any fractional interest in shares that is 0.5 or greater of a share will be rounded up to the nearest whole share. The new CUSIP number for the post-consolidation shares is 62940V203 and the new ISIN number is CA62940V2030. The Shares began trading on a consolidated basis on the TSX Venture Exchange on March 20, 2024.

Business Risk and Management

NTG's primary risk management objective is to protect our balance sheet and cash flow. Principal financial liabilities are made up of a Company Indebtedness and trade and other payables. NTG has also taken on short-term debt from overseas to assist with cash flow.

We are exposed to market risk, interest rate risk, foreign exchange risk, credit risk, and liquidity risk. Senior management oversees the management of these risks and is supported by a Committee that advises on financial risks and the appropriate financial risk governance framework. The Board of Directors reviews and agrees policies for managing risks.

In addition to risks described elsewhere, NTG is subject to a number of risk factors. We have significant reliance on certain key personnel, some of whom are also key shareholders; Ashraf Zaghloul, CEO; Kristine Lewis, President; and Yaser Yousef, CTO.

Though we have worked hard to diversify our customer base, we are dependent on a few large customers. As of December 31, 2023, approximately 54% of NTG's revenue was from three customers (2022: 35% from two customers). Management continues to work to diversify the customer base and country concentration. In 2023, 53% (2022: 37%) of our trade accounts receivable balance was from three customers.

Additional risks and uncertainties not described below or not presently known to the Corporation may also impact our business. If any of these risks occur, our company's business, financial condition or results of operations could be harmed and the trading price of NTG's common shares could be materially affected.

The purpose of discussing these risks and uncertainties is to highlight factors that could cause actual results to differ materially from past results or from those described in forward-looking statements. It is not to describe facts, trends and circumstances that could have a positive impact on the results or financial position.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk.

The Corporation is not subject to price risk from fluctuations in market prices of commodities and has no exposure to equity price risk.

There is a high concentration of competition in the digital transformation, IT, and telecom industries and is little barrier of entry for new competitors into the market. Many of our competitors are larger companies that have greater resources. To help mitigate this risk, we have partnered with, or signed agreements to work through a few of the large competitors, as we can offer seasoned resources at extremely competitive rates.

Changes in the regulatory environment would always affect our plans and investments. As we continue to grow, we will continually monitor and evaluate the various policies and procedures to ensure that they consider any changes in the Corporation and its market place.

In 2023, approximately 81% of our revenue came from work done in KSA (2022: 62%). The majority of NTG's KSA customers are consistently within our payment terms.

Historically 7-11% of our revenue comes from work done through our subsidiary, NTG Egypt, based in Cairo, Egypt. Egypt's revenue contribution in 2023 was 9% (2022: 20%).

This drop in revenue was planned as NTG Egypt is now primarily a delivery centre for offshore services. Egypt continues to support our legacy customers in Egypt.

Oman's major customer contributed 2% of the revenue in 2023 (2022: 5%).

Interest rate risk

NTG's exposure to interest rate fluctuations is primarily interest paid on its indebtedness and long-term loans. The Corporation performed sensitivity analysis on interest rates on December 31, 2023 to determine how a change in interest rates would impact equity and net loss.

During the year, NTG paid \$378,985 (2022: \$315,656) on its loans and liabilities. An increase or decrease of 100 basis points in the average interest rate paid during the period would have adjusted net earnings by approximately \$37,899 (2022: \$31,566). This analysis assumes that all other variables remain constant.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. NTG's financial instruments that are exposed to credit risk consist primarily of trade receivables. Our exposure to credit risk is impacted by the economic conditions for the industry which could affect the customers' ability to satisfy their obligations.

To reduce risks, we perform periodic credit evaluations of the financial conditions of its customers and typically do not require collateral from them. Management assesses the need for allowance for potential credit losses by considering the credit risk of specific customers, historical trends and other information.

The credit quality of all the accounts receivable of the Corporation that are neither past due nor impaired and the age of accounts receivable that are past due but not impaired have been assessed on an individual basis and determined to have a mitigated risk profile.

Devaluation of Egyptian pound

The Egyptian Central Bank continues to devalue the currency. By the end of 2023 the EGP's value dropped from around 18 EGP to the Canadian dollar in January to about 22 EGP in December 2023, and the trend appears to be continuing.

Other effects in the economy include interest rates and inflation with the official inflation hitting 34.2% at year end. (<https://www.egypttoday.com/Article/3/129707/Egypt-s-annual-core-inflation-records-34-2-in-December>). This has resulted in NTG Egypt having to increase salaries to help personnel cope with the changing economy.

We continue to mitigate much of the risk of doing business in the country as our expenses and our contracts with legacy customers in Egypt are both in the local currency.

Additionally, we have transformed NTG Egypt into a supplier of offshore services for international customers. As a result, contracts for offshoring services are billed in more stable currencies such as USD or Saudi Riyals (SAR).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Our exposure to the risk of changes in foreign exchange rates relates primarily to operating activities, when revenue or expense are denominated in a different currency from our functional currency, the Canadian dollar.

We do not hedge the risk related to fluctuations of the exchange rate between USA and Canadian dollars from the date of the sales transactions to the collection date due to the short-term nature of this exposure.

The Corporation does not hedge the risk related to fluctuations of the exchange rate between USA and Canadian dollars from the date of the sales transactions to the collection date due to the short-term nature of this exposure.

A 10% change in exchange rates on December 31, 2023 would have the following approximate impacts:

10% impact to:	U.S. Dollar USD	Omani Riyal OMR	Kuwait Dinar KWD	Saudi Riyal SAR	Turkish Lira TRY	Iraqi Dinar IQD	Egyptian Pound LE
P&L in CAD	\$63,360	\$1,999	\$19,027	\$213,937	\$1,238	\$2,245	\$31,501
Equity in CAD	\$46,569	\$1,469	\$13,985	\$157,244	\$910	\$1,650	\$23,154

Liquidity risk

Liquidity risk is the risk that NTG will not be able to meet its financial obligations as they fall due. Our approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due, under normal and stressed conditions. We manage liquidity risk by reviewing capital requirements on an ongoing basis. We continuously review both actual and forecasted cash flows to ensure that we have appropriate capital capacity.

The following table summarizes the amount of contractual undiscounted future cash flow requirements for financial instruments as of December 31, 2023:

Contractual obligations	2024	2025	2026	2027 and after	Total
Operating line of credit	\$ 298,743	\$ –	\$ –	\$ –	\$ 298,743
Accounts payable and accrued liabilities	6,999,324	–	–	–	6,999,324
Operating leases	242,820	167,813	110,260	18,500	539,393
Long-term debt	122,748	6,635,628	–	–	6,758,376
Loans payable	493,767	–	–	–	493,767

The aging of trade accounts payable are as follows:

December 31,	2023	2022
Current	\$ 3,185,918	\$ 696,460
31 – 60 days	39,432	74,446
61 – 90 days	2,729	40,653
91 – 180 days	151,434	137,668
More than 180 days	212,760	539,614
	\$ 3,991,557	\$ 1,488,841

Expenses are accrued when incurred. Accounts are deemed payable once an event occurs that requires payment by a specific date.

The contractual maturity of the majority of accounts payable is within one month.

Capital Management

NTG manages its capital, which consists of cash provided from operations and long-term debt, with the primary objective being safeguarding sufficient working capital to sustain operations. The Board of Directors has not established capital benchmarks or other targets.

There have been no changes in NTG's approach to capital management during the year ending December 31, 2023. Also, no changes were made in the objectives, policies, or processes during the year ending December 31, 2023. We will continually assess the adequacy of our capital structure and capacity and make adjustments within the context of NTG's strategy, economic conditions, and the risk characteristics of the business.

NTG's objectives when managing capital are to:

- (i) safeguard the Corporation's ability to continue as a going concern, so that it can provide adequate returns for shareholders and benefits for other stakeholders;
- (ii) fund capital projects for facilitation of business expansion provided there is sufficient liquidity of capital to enable the internal financing; and
- (iii) maintain a capital base to maintain investor, creditor, and market confidence.

NTG considers the items included in the consolidated statements of changes in shareholders' equity as capital. We manage and adjust the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, we may issue new shares. We are not subject to externally imposed capital requirements.

Legal claim contingency

NTG is subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management currently believes that resolving claims against NTG, individually or in aggregate, will not have a material adverse impact on our financial position, results of operations, and cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. To date, there are no claims or suits outstanding.

Guarantees

NTG indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Corporation. Subsequent to year end, in April 2024, the Corporation submitted an application for Directors and Officers insurance.





Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Corporation's disclosure controls and procedures as of December 31, 2023 and have concluded that such disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Corporation or its subsidiaries is made known to them.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers (CFO and CEO) filing the NI 52-109 certificate is not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the NI 52-109 certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Standards issued but not yet effective

As of April 27, 2024, the date of authorization of these financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted by the Corporation. All other standards were early adopted as explained in the prior year's financial statements.

Management's Statement of Responsibility

The management of **NTG Clarity Networks Inc.** is responsible for the preparation of the accompanying consolidated financial statements and the preparation and presentation of information in the Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and are considered by management to present fairly the financial position and operating results of the Corporation.

The Corporation maintains various systems of internal control to provide reasonable assurance that transactions are properly authorized and recorded, that assets are safeguarded, and that financial reports are properly maintained to provide reliable financial statements.

The Corporation's audit committee is comprised of independent directors and a management representative and is appointed by the Board of Directors annually. The committee meets periodically with the Corporation's management and independent auditors to review the consolidated financial statements and the independent auditors report. The audit committee has approved the consolidated financial statements and reported its findings to the Board of Directors.

The Corporation's independent auditors, NVS Professional Corporation, have examined the consolidated financial statements and their report follows.

"Ashraf Zaghloul"

"Kristine Lewis"

Ashraf Zaghloul

Kristine Lewis

Chief Executive Officer

President

April 27, 2024

April 27, 2024



Independent Auditor's Report

To the Shareholders of
NTG Clarity Networks Inc.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **NTG Clarity Networks Inc.** and its subsidiaries (the "Corporation"), which comprise the consolidated statements of financial position as at **December 31, 2023** and **December 31, 2022**, and the consolidated statements of profit and loss 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 Corporation as at **December 31, 2023** and **December 31, 2022**, 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 judgment, 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.

We have determined that there are no key audit matters to communicate in our report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Corporation has attained income from operations of \$2,315,735 (2022: \$788,434) during the year ended December 31, 2023 and, as of that date, the Corporation has an accumulated deficit of \$20,468,919 and current assets are less than current liabilities by a ratio of 1:1.35. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation'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 Corporation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

NVS Professional Corporation

NVS Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants

Markham, Ontario
April 27, 2024

NTG CLARITY NETWORKS INC.

Consolidated Statements of Financial Position

(In Canadian Dollars)

As at December 31,	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	\$ 358,088	\$ 725,020
Trade and other receivables (Note 11)	6,368,846	3,881,520
Prepaid expenses and deposits (Note 12)	129,842	86,751
Bid/performance bonds (Note 13)	293	17,431
Total current assets	\$ 6,857,069	\$ 4,710,722
Non-current assets		
Property, plant and equipment (Note 14)	\$ 814,911	\$ 221,732
Intangible assets (Note 15)	4,457,474	3,205,601
Investment in joint venture (Note 16)	142,136	–
Right-of-use of assets (Note 17)	120,568	29,556
Total non-current assets	5,535,089	3,456,889
Total Assets	\$ 12,392,158	\$ 8,167,611
LIABILITIES		
Current liabilities		
Current portion of leasehold liability (Note 17)	\$ 86,829	39,004
Accounts payable and accrued liabilities (Note 18)	7,947,645	6,985,267
Bank indebtedness (Note 19)	298,743	\$ 389,321
Current portion of long-term debt (Note 19)	122,748	153,253
Loans payable (Note 26)	493,767	701,760
Total current liabilities	\$ 8,949,732	\$ 8,268,605
Non-current liabilities		
Leasehold liability (Note 17)	43,941	–
Long-term debt (Note 19) (Note 27)	6,635,628	6,676,134
Total non-current liabilities	\$ 6,679,569	\$ 6,676,134
Total liabilities	\$ 15,629,301	\$ 14,944,739
SHAREHOLDER'S EQUITY		
Capital stock (Note 21)	14,736,986	13,606,986
Contributed surplus (Note 22)	2,711,523	2,617,273
Foreign exchange account	(216,733)	(822,757)
Deficit	(20,468,919)	(22,178,630)
Total shareholders' equity	(3,237,143)	(6,777,128)
Total liabilities and shareholders' equity	\$ 12,392,158	\$ 8,167,611

Approved on behalf of the Board:

"Ashraf Zaghloul"

Director

"Kristine Lewis"

Director

See accompanying notes to consolidated financial statements.

NTG CLARITY NETWORKS INC.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and December 31, 2022

(In Canadian Dollars)

	Share Capital	Contributed Surplus	Deficit	Foreign Exchange Reserve	Total Shareholders' Equity
Balance, January 1, 2022	\$ 13,561,986	\$ 2,309,023	\$ (23,426,487)	\$ (363,334)	\$ (7,918,812)
Income from continuing operations	–	–	1,247,857	–	1,247,857
Other comprehensive income	–	–	–	(459,423)	(459,423)
Issuance of share capital (Note 21)	25,000	–	–	–	25,000
Share-based compensation	–	328,250	–	–	328,250
Reallocation of contributed surplus (Note 21)	20,000	(20,000)	–	–	–
Balance, December 31, 2022	\$ 13,606,986	\$ 2,617,273	\$ (22,178,630)	\$ (822,757)	\$ (6,777,128)
Income from continuing operations	–	–	1,709,711	–	1,709,711
Other comprehensive income	–	–	–	606,024	606,024
Issuance of share capital (Note 21)	1,120,000	–	–	–	1,120,000
Share-based compensation (Note 22)	–	104,250	–	–	104,250
Reallocation of contributed surplus (Note 21) (Note 22)	10,000	(10,000)	–	–	–
Balance, December 31, 2023	\$ 14,736,986	\$ 2,711,523	\$ (20,468,919)	\$ (216,733)	\$ (3,237,143)

NTG CLARITY NETWORKS INC.

Consolidated Statements of Profit and Loss and Comprehensive Income

(In Canadian Dollars)

For the years ended December 31,	2023	2022
REVENUE (Note 7)	\$ 27,728,117	\$ 17,652,313
COST OF SALES (Note 24)	18,504,982	10,929,917
GROSS MARGIN	9,223,135	6,722,396
OPERATING EXPENSES		
Selling (Note 25)	2,172,925	1,717,956
General and administration (Note 25)	3,863,576	2,455,510
Loss on foreign exchange	583,000	294,625
Total operating expenses	6,619,501	4,468,091
INCOME (LOSS) FROM OPERATIONS	\$ 2,603,634	\$ 2,254,305
OTHER (INCOME) EXPENSES		
Provision for bad debts (Note 11)	66,606	–
Depreciation (Note 14) (Note 17)	165,782	160,795
Amortization (Note 15)	421,218	277,416
Accretion (Note 20)	–	5,804
Interest	378,985	315,656
Share-based payments (Note 22)	104,250	328,250
Other income	(252,308)	(81,473)
Loss on disposal of assets	9,390	–
Total other expenses	893,923	1,006,448
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 1,709,711	\$ 1,247,857
Other comprehensive income:		
Exchange gain (loss) arising on translation of foreign operations	606,024	(459,423)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 2,315,735	\$ 788,434
Earnings (loss) per share (Note 9)		
Basic	\$ 0.01	\$ 0.01
Diluted	\$ 0.01	\$ 0.00
Weighted average number of shares outstanding		
Basic	185,172,355	147,972,355
Diluted	204,978,355	165,687,355

See accompanying notes to consolidated financial statements.

NTG CLARITY NETWORKS INC.

Consolidated Statements of Cash Flows

(In Canadian Dollars)

For the years ended December 31,	2023	2022
Cash provided by (used in)		
OPERATING ACTIVITIES		
Net income (loss) for the year	\$ 2,315,735	\$ 788,434
Add-Items not affecting cash:		
Provision for bad debts (Note 11)	66,606	–
Depreciation (Note 14) (Note 17)	165,782	160,795
Amortization (Note 15)	421,218	277,416
Interest expense	378,985	315,656
Share-based payment (Note 21)	104,250	328,250
Loss on disposal of asset	9,390	–
	\$ 3,461,966	\$ 1,870,551
Net change in non-cash working capital items,		
Increase in trades and other receivable	\$ (2,553,932)	\$ (134,474)
Decrease in bid/performance bond	17,138	38,333
(Increase) decrease in prepaid expenses and deposits	(43,091)	(22,305)
Increase in accounts payable and accrued liabilities	962,378	445,040
Increase in leasehold liability	17,921	16,510
TOTAL CASH IN-FLOW FROM OPERATING ACTIVITIES	\$ 1,862,380	\$ 2,213,655
FINANCING ACTIVITIES		
Principle payment of lease (Note 17)	(96,369)	(90,560)
Drawdown (repayment) in long-term debt (Note 19)	(71,011)	121,311
Increase (decrease) of bank indebtedness (Note 19)	(90,578)	(236,747)
Increase (decrease) of loans payable	(207,993)	279,667
Interest paid	(378,985)	(315,656)
Issuance of common shares (Note 21)	1,120,000	25,000
TOTAL CASH IN-FLOW (OUT-FLOW) FROM FINANCING ACTIVITIES	\$ 275,064	\$ (216,985)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 14)	(689,149)	(128,299)
(Additions) intangible assets (Note 15)	(1,673,091)	(1,302,221)
Investments in joint venture (Note 16)	(142,136)	–
TOTAL CASH (OUT-FLOW) FROM INVESTING ACTIVITIES	\$ (2,504,376)	\$ (1,430,520)
NET INCREASE (DECREASE) IN CASH	(366,932)	566,150
Cash balance, beginning of period	725,020	158,870
Cash balance, end of period	\$ 358,088	\$ 725,020

See accompanying notes to consolidated financial statements.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

NTG Clarity Networks Inc. (the "Corporation") is domiciled in Canada and its shares are traded publicly on the TSX Venture Exchange under ticker symbol NCI.V. The Corporation is domiciled in Canada and was incorporated on May 15, 2001 under the laws of Alberta. In the current year the registration of the Corporation was moved from Alberta to Ontario. The Corporation's principal and registered office is Suite 202, 2820 14th Avenue, Markham, Ontario, L3R 0S9.

The Corporation provides network, telecom, IT and infrastructure solutions to medium and large network service providers. The Corporation specializes in providing telecommunications engineering, networking and related software solutions and has developed niche software products directed at the telecom service providers. NTG continues to offer professional telecom and IT services in the North American and Middle Eastern markets.

The telecom industry is subject to rapid and substantial technological change which could reduce marketability of the Corporation's technology and services.

2. GOING CONCERN

The Corporation prepares consolidated financial statements on a going concern basis which presume the realization of assets and discharge of liabilities in a normal course of business for the foreseeable future. The Corporation's ability to continue operations and to realize assets at their carrying values is dependent upon generating revenues sufficient to cover its operating costs, obtaining additional financing aid and the continued support of its shareholders.

As at December 31, 2023, the Corporation had a working capital deficit of \$2,092,663 (2022: deficit of \$3,557,883), income from operations of \$2,603,634 (2022: \$2,254,305), and accumulated losses since inception of \$20,468,919 (2022: \$22,178,630).

The financial statements have been prepared under the assumption that the Corporation is a going concern and will continue to be in operation for the foreseeable future.

3. BASIS OF PRESENTATION

The audited consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

Statement of Compliance

The audited consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and in effect at the closing date of April 27, 2024.

Management of the Corporation prepared the consolidated financial statements of the Corporation during January and February 2024, and the Board of Directors approved them. The Audit Committee of the Corporation discussed the audited consolidated financial statements at its meeting on April 27, 2024, and the Board of Directors approved them at its meeting on April 27, 2024.

The audited consolidated financial statements of the Corporation are presented in Canadian dollars. Amounts are stated in Canadian dollars except where otherwise indicated. The financial statements of the individual companies are prepared as of the closing date of the Corporation's financial statements using the same accounting policies.

In the audited consolidated statement of profit and loss and comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, and consolidated statement of changes in equity, certain items are combined for the sake of clarity. These are explained within the notes.

The consolidated statement of profit and loss and comprehensive income is prepared using the cost-of-sales method. Assets and liabilities are classified by maturity. They are regarded as current if they mature within one year or within the normal business cycle of the Corporation.

The normal business cycle is defined for this purpose as beginning with the procurement of the resources necessary for the production process and ending with the receipt of cash or cash equivalents as consideration for the sale of the goods or services produced in that process.

Trade accounts receivable and payable, claims for tax refunds, and tax liabilities are always presented as current items; deferred tax assets and liabilities, if any, are presented as non-current items.

Provisions (if any), debt and other liabilities are shown between current and non-current.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The audited consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at December 31, 2023.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent corporation using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses, and dividends resulting from intra-group transactions, if any, are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

The subsidiary of the Corporation as of December 31, 2023 is its 95% owned subsidiary, NTG Egypt Advanced Software, and its wholly owned U.S. subsidiary, NTG Clarity Networks US Inc.

(b) Foreign currency transaction

Translation to the presentation currency

Each entity in the Corporation determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency and the presentation currency of the parent entity is the Canadian dollar. Transactions in foreign currencies are initially recorded in respective functional currency rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate at the reporting date. Differences are taken to the statement of profit or loss and comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The functional currency of the subsidiary NTG Egypt Advanced Software is the Egyptian pound, and the functional currency of the subsidiary NTG Clarity Networks US Inc. is the US Dollar.

An entity may present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the presentation currency.

For example, when a group contains individual entities with different functional currencies, the results and financial position of each entity are expressed in a common currency so that consolidated financial statements may be presented.

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

- Assets and liabilities for each statement of financial position presented (i.e. including comparatives) shall be translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

- All resulting exchange differences shall be recognized in other comprehensive income.

For practical reasons, a rate that approximates the exchange rates at the dates of the transactions, for example an average rate for the period, is often used to translate income and expense items.

However, if exchange rates fluctuate significantly, the use of the average rate for a period is inappropriate.

The exchange differences referred to in IAS 21.39(c) result from:

- Translating income and expenses at the exchange rates at the dates of the transactions and assets and liabilities at the closing rate.
- Translating the opening net assets at a closing rate that differs from the previous closing rate.

These exchange differences are not recognized in profit or loss because the changes in exchange rates have little or no direct effect on the present and future cash flows from operations. The cumulative amount of the exchange differences is presented in a separate component of equity until disposal of the foreign operation.

When the exchange differences relate to a foreign operation that is consolidated but not wholly-owned, accumulated exchange differences arising from translation and attributable to non-controlling interests are allocated to, and recognized as part of, non-controlling interests in the consolidated statement of financial position.

The results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

- All amounts (i.e. assets, liabilities, equity items, income and expenses, including comparatives) shall be translated at the closing rate at the date of the most recent statement of financial position, except that

- When amounts are translated into the currency of a non-hyperinflationary economy, comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

When an entity's functional currency is the currency of a hyperinflationary economy, the entity shall restate its financial statements in accordance with before applying the translation method set out in IAS 21., except for comparative amounts that are translated into a currency of a non-hyperinflationary economy (see IAS 21.42(b)).

When the economy ceases to be hyperinflationary and the entity no longer restates its financial statements in accordance with IAS 29, it shall use as the historical costs for translation into the presentation currency the amounts restated to the price level at the date the entity ceased restating its financial statements.

Translation of a foreign operation

IAS 21.–47, in addition to IAS 21.–43, apply when the results and financial position of a foreign operation are translated into a presentation currency so that the foreign operation can be included in the financial statements of the reporting entity by consolidation or the equity method.

The incorporation of the results and financial position of a foreign operation with those of the reporting entity follows normal consolidation procedures, such as the elimination of intra-group balances and intra-group transactions of a subsidiary (see Consolidated Financial Statements).

However, an intra-group monetary asset (or liability), whether short-term or long-term, cannot be eliminated against the corresponding intra-group liability (or asset) without showing the results of currency fluctuations in the consolidated financial statements.

This is because the monetary item represents a commitment to convert one currency into another and exposes the reporting entity to a gain or loss through currency fluctuations. Accordingly, in the consolidated financial statements of the reporting entity, such an exchange difference is recognized in profit or loss or, if it arises from the circumstances described in IAS 21, it is recognized in other comprehensive income and accumulated in a separate component of equity until the disposal of the foreign operation.

When the financial statements of a foreign operation are as of a date different from that of the reporting entity, the foreign operation often prepares additional statements as of the same date as the reporting entity's financial statements.

When this is not done, allows the use of a different date provided that the difference is no greater than three months and adjustments are made for the effects of any significant transactions or other events that occur between the different dates.

In such a case, the assets and liabilities of the foreign operation are translated at the exchange rate at the end of the reporting period of the foreign operation. Adjustments are made for significant changes in exchange rates up to the end of the reporting period of the reporting entity in accordance with IFRS 10.

Disposal or partial disposal of a foreign operation

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognized.

In addition to the disposal of an entity's entire interest in a foreign operation, the following partial disposals are accounted for as disposals:

- When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, regardless of whether the entity retains a non-controlling interest in its former subsidiary after the partial disposal; and
- When the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the non-controlling interests shall be unrecognized, but shall not be reclassified to profit or loss.

On the partial disposal of a subsidiary that includes a foreign operation, the entity shall re-attribute the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation the entity shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income.

A partial disposal of an entity's interest in a foreign operation is any reduction in an entity's ownership interest in a foreign operation, except those reductions in paragraph that are accounted for as disposals.

An entity may dispose or partially dispose of its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity. A write-down of the carrying amount of a foreign operation, either because of its own losses or because of an impairment recognized by the investor, does not constitute a partial disposal.

Accordingly, no part of the foreign exchange gain or loss recognized in other comprehensive income is reclassified to profit or loss at the time of a write-down.

(c) Revenue Recognition

The Corporation derives revenue from fees charged to customers for licenses for software products and professional services: support, consulting, development, training, and other services. Some of the Corporation's software arrangements include product sales and professional services.

If, for any of the Corporation's product or service offerings, the Corporation determines at the outset of an arrangement that the amount of revenue cannot be measured reliably, the Corporation concludes that the inflow of economic benefits associated with the transaction is not probable and defers revenue until the arrangement fee becomes due and payable by the customer. If, at the outset of an arrangement, it is determined that collectability is not probable, the Corporation concludes that the inflow of economic benefits associated with the transaction is not probable, and recognition of revenue is deferred until the earlier of when collectability becomes probable or payment is received. If collectability becomes unlikely before all revenue from an arrangement is recognized, revenue is recognized only to the extent of the fees that are successfully collected unless collectability becomes reasonably assured again. If a customer is specifically identified as a bad debtor, the Corporation stops recognizing revenue from this customer except to the extent of the fees that have already been collected.

Software revenue represents fees earned from the sale or license of software to customers for use on the customer's premises, in other words, where the customer has the right to take possession of the software for installation on the customer's premises (on-premise software). The fee of the sale is recognized net of returns and allowances, trade discounts, and volume rebates. In general, the Corporation's software license agreements do not include acceptance-testing provisions.

If an arrangement allows for customer acceptance-testing of the software, revenue is deferred until the earlier of customer acceptance or when the acceptance right lapses. The Corporation may enter into customer-specific on-premise software development agreements. Software revenue in connection with these arrangements is

recognized using the percentage-of-completion method based on contract costs incurred to date as a percentage of total estimated contract costs required to complete the development work. If there is no sufficient basis to reasonably measure the progress of completion or to estimate the total contract revenue and costs, revenue is recognized only to the extent of the contract costs incurred for which recoverability is believed to be probable. When it becomes that total contract costs exceed total contract revenue in an arrangement, the expected losses are recognized immediately as an expense based on the costs attributable to the contract.

On-premise software may combine software and support service elements, as under these contracts the customer is provided with current software products, rights to receive unspecified future software products, and rights to services during the on-premise software subscription term. Customers pay a periodic fee for a defined subscription term, and such fees are recognized ratably over the term of the arrangement beginning with the delivery of the first product.

Support revenue represents fees earned from providing customers with unspecified future software updates, upgrades, and enhancements, and technical product support for on-premise software products. Support revenue is recognized based on the Corporation's performance under the support arrangements. Under the major support services the Corporation's performance obligation is to stand ready to provide technical product support and to provide unspecified updates and enhancements on a when and-if-available basis. For these support services, revenue is recognized ratably over the term of the support arrangement.

Consulting and other service revenue is recognized when the services are performed. Consulting revenue primarily results from implementation contracts to install and configure our software products and offerings. Other service revenue consists of fees from training services. Training services provide educational services to customers and partners regarding the use of our software products. Training revenue is recognized when the services are rendered.

Some arrangements contain multiple elements. Software, consulting and other service deliverables are accounted for as separate units of accounting and allocate revenue based on fair value. Fair value is determined by establishing either corporation-specific objective evidence, or an estimated stand-alone selling price. Revenue from multiple-element arrangements is allocated to the different elements based on their individual fair values. The revenue amounts allocated to the individual elements are recognized when the revenue recognition criteria described above have been met for the respective element.

The Corporation determines the fair value of and allocate revenue to each element based on its corporation-specific objective evidence of fair value, which is the price charged when that element is sold separately or, for elements not yet sold separately, the price established by management if it is probable that the price will not change before the element is sold separately.

Revenues from customers of Zaha Tech (Note 30) are recognized on a net basis, as the Corporation does not control the services provided by Zaha Tech to the end user. NTG invoices the customers of Zaha Tech, and retains a 10% administrative fee upon receipt of the funds from the customer. All liabilities of the contract lie with Zaha Tech and NTG holds no obligation for the performance of the contract.

(d) Taxes

Current income tax

Current income tax assets and liabilities for the respective and prior years are measured at the amount expected to be recovered from or paid to the Canadian taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Corporation operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and

not in the statement of profit and loss and comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate in accordance with IAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in the subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in the subsidiary, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses, liabilities and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(e) Government grants and assistance and investment tax credit

Government grants and assistance are recognized where there is reasonable assurance that the grant or assistance will be received and all attached conditions will be complied with. When the grant or assistance relates to an expense item, it is recognized as income over the period necessary to match the grant or assistance on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge. When government assistance is received which relates to expenses of future periods, the amount is deferred and amortized to income as the related expenditures are incurred.

(f) Financial instruments – initial recognition and subsequent measure

Financial assets and financial liabilities are recognized when the Corporation becomes party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial instruments classified as amortized costs or FVTOCI are included with the carrying amount of such instruments.

Transaction costs that are directly attributable to the acquisition or issue of the financial instruments classified as fair value through profit and loss (FVTPL) are recognized immediately in the profit or loss within the consolidated statements of comprehensive income.

(i) Financial assets

The corporation classifies its financial assets in the following measurement categories: those to be measured at amortized cost and those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL)).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of cash flows.

Cash, trade and account receivables, bid/ performance bonds, prepaid expenses and deposits are classified as amortized cost. The investment in joint venture is classified as FVTPL.

Similarly, accounts payable and accrued liabilities, long term debt, loans payable are classified as amortized cost. Carrying value of cash, trade and account receivables, bid/ performance bonds, prepaid expenses and deposits, accounts payable and accrued liabilities, long term debt and loans payable approximate fair value.

The Company's financial instruments are classified as follows:

Investments in Joint venture	FVTPL
Trade and other receivables	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Cash	Amortized Cost
Long-term debt	Amortized Cost
Loan payable	Amortized Cost

Financial assets at amortized cost

Financial assets that meet the following conditions are measured at amortized cost less impairment losses: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash-flows; the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and the financial asset was not acquired principally for the purpose of selling in the near term or for short-term profit making (held-for-trading).

Financial assets at fair value through profit or loss (FVTPL)

All other financial assets, except equity and debt instruments as described below, are remeasured at fair value and classified as fair value through profit or loss. The gains or losses, if any, arising on remeasurement of FVTPL are recognized in profit or loss within the consolidated statements of comprehensive income.

The method of measurement of instruments in debt instruments will depend on the business model in which the instrument is held. For instruments in equity instruments, it will depend on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income (FVTOCI).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Financial assets

Financial assets at fair value through profit or loss (FVTPL)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(ii) Financial liabilities

Financial liabilities are classified as FVTPL when the financial liability is either held-for-trading or is designated at FVTPL.

Financial liabilities at FVTPL are remeasured in subsequent reporting periods at fair value. Any gains or losses arising on remeasurement of held for trading financial liabilities are recognized in profit or loss within the consolidated statements of comprehensive income. Such gains or losses recognized in profit or loss includes any interest paid on the financial liabilities. Financial liabilities that are not held for trading and are not designated as FVTPL are measured at amortized cost.

The carrying amounts of financial liabilities that are measured at amortized cost are determined based on the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability (or financial asset) and of allocating interest expense (or income) over the expected life of the financial liability (or financial asset). All financial assets and financial liabilities held by the Corporation are measured at amortized cost.

(iii) Expected credit loss

The Corporation assesses on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The accounting policies were changed to comply with the full requirements of IFRS 9 as issued by the IASB. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting.

IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures. The total impact on retained earnings due to classification and measurement of financial instruments as at January 1, 2016 and the date of these financial statements was Nil.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(g) Compound instruments

The component parts of compound instruments (e.g., debt issued with warrants) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar debt without warrants. This amount is recorded as a liability on the amortized cost basis using the effective interest method until extinguished or at the instrument's maturity date.

The warrants classified as equity are determined by deducting the amount of the liability component from the fair value of the instrument as a whole. This is recognized and included in equity and is not subsequently remeasured.

Warrants classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognized in equity will be transferred to common shares within equity. When the warrants remain unexercised at their maturity date, the balance recognized in equity will be transferred to retained earnings or deficit. No gain or loss is recognized in profit or loss upon conversion or expiration of the warrants.

Transaction costs that relate to the issue of the instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debt using the effective interest method.

(h) Derivative financial instruments and hedge accounting

The Corporation has not entered into any derivative financial instruments and has not applied hedge accounting for the years ending December 31, 2023 and December 31, 2022.

(i) Treasury shares

Equity instruments of the entity which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of profit and loss and comprehensive income on the purchase, sale, issue, or cancellation of the Corporation's own equity instruments. Any difference between the carrying amount and the consideration is recognized in capital reserves.

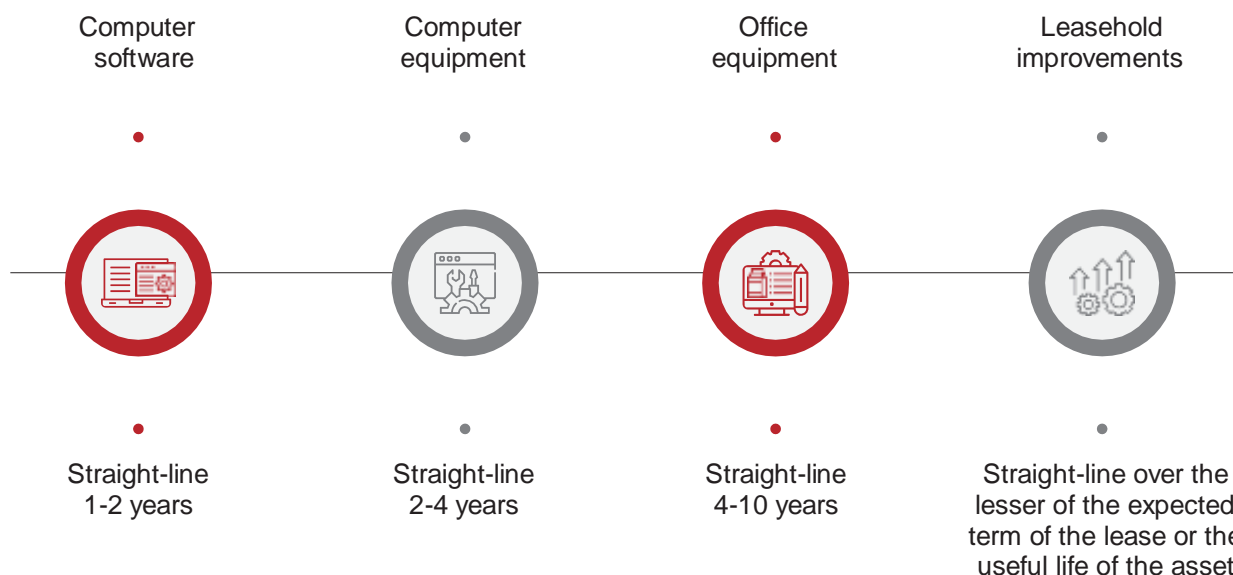
(j) Property, plant and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses (if any). Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criterion are met.

When significant parts of property and equipment are required to be replaced in intervals, the Corporation recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in the statement of profit and loss and comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset, if any, after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:



An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss and comprehensive income when the asset is derecognized.

The assets' residual values, useful lives, and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(k) Leases

The Corporation recognizes a right-of-use asset and lease liability as the present value of future lease payments when the lessor makes the leased asset available for use by the Company.

Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the Corporation under residual value guarantees, and the exercise price of a purchase option or penalties for terminating the lease, if the Corporation is reasonably certain to exercise those purchase or termination options. The lease payments are discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

Lease terms applied are the contractual non-cancellable periods of the lease, plus periods covered by renewal options or termination options, if the Corporation is reasonably certain to exercise those options.

Lease liabilities are remeasured when there is a change in lease term, a change in the assessment of an option to purchase the leased asset, a change in expected residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

initial direct costs and future restoration costs, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the date that the underlying asset is available for use. Depreciation is recorded over the shorter of the lease term and the useful life of the underlying asset, unless the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, in which case depreciation is recorded over the useful life of the underlying asset.

Lease payments for assets that are exempt through the short-term exemption and variable payments not based on an index or rate continue to be recognized in office and general expenses

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss and comprehensive income on a straight-line basis over the lease term.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that the Corporation incurs in connection with the borrowing of funds. For the years ending December 31, 2023 and December 31, 2022, the Corporation did not capitalize any borrowing cost.

(m) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Product development costs

Research and product development costs include out-of-pocket cost and direct overhead. Research costs are expensed as incurred. Product development costs are expensed as incurred unless they meet the IAS 38 criterion for deferral and amortization.

Development activities involve a plan or design for the production of a new core of substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. All other development expenditure is recognized in statement of profit and loss and comprehensive income as incurred.

Capitalized development costs (intangible asset) with finite useful lives are amortized over their estimated useful lives. The amortization methods and estimated useful lives of intangible assets are reviewed annually. Intangible assets are tested for impairment as required by IAS 38 and IAS 36 if there are indicators of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of the intangible assets or the cash-generating unit exceeds their recoverable amount. Impairment losses are recognized in the statements of comprehensive income. Amortization is provided on a straight-line basis over 10 years.

(o) Impairment of non-financial assets

The Corporation assesses at each reporting date whether there is an indication that an asset or cash generating unit (CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's (CGU) recoverable amount.

An asset's (CGU) recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its 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 or cash-generating unit (CGU).

In determining fair value less costs of disposal, an appropriate valuation model is used. The Corporation has cash-generating units which impairment could be tested against. The Corporation had no goodwill or indefinite life intangible assets for the years ending December 31, 2023 and December 31, 2022.

Impairment losses of continuing operations are recognized in the statement of profit and loss and comprehensive income in those expense categories consistent with the function and nature of the impaired asset.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the non-financial asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the non-financial asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the non-financial asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior periods. Such reversal is recognized in the statement of profit and loss and comprehensive income.

(p) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. The Corporation uses the indirect method of reporting cash flow from operating activities.

(q) Provisions

Provisions are recognized when the Corporation has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of profit and loss and comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on the expected warranty data and an expected weighting of all possible outcome against their associated probabilities.

A provision for restructuring is recognized when the Corporation has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. No provision is made for future operating losses.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected cost net cost of continuing with the contract.

Before a provision is established, the Corporation recognizes any impairment loss on the asset associated with the contract.

(r) Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the income for the year by the weighted average number of common shares outstanding during the year.

The Corporation uses the treasury stock method for calculating the dilutive effect of the outstanding stock options and other dilutive securities.

Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted income per share assumes that the proceeds to be received on the exercise of dilutive share options are used to repurchase common shares at the average market price during the year.

(s) Share-based compensation

The Corporation has a share-based compensation plan. The Corporation accounts for share-based compensation options granted to employees and consultants using the fair value method.

Under this method, compensation expense for share-based compensation granted is measured at the fair value at the grant date, using the Black-Scholes option valuation model.

In accordance with the fair value method, the Corporation recognizes estimated compensation expense related to share-based compensation over the vesting period of the options granted, with the related credit being charged to capital reserves.

Consideration paid by employees on the exercise of share-based compensation is recorded as capital stock and the related share-based compensation is transferred from capital reserves to capital stock.

(t) Investment in associates and joint ventures

An associate is an entity over which the corporation has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Corporation investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The aggregate of the share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the corporation.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the Corporation's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting years.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

In the process of applying the Corporation's accounting policies, management has made the following judgments, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Revenues

The Corporation derives revenue from fees charged to customers for licenses for software products and for professional services (support, consulting, development, training, etc.). Some of the software arrangements may contain multiple elements (product sales and professional services).

The Corporation accounts for software, consulting and other service deliverables as separate units of accounting and allocate revenue based on their individual fair values.

The revenue amounts allocated to the individual elements are recognized when the revenue recognition criteria have been met for the respective element.

When services are essential to the functionality of the software, the software does not have standalone value and is combined with the essential services as a single element.

Contract assets

Contract assets is revenue which had been earned and therefore recognized in compliance with IFRS, but which has not been billed to the client(s) due to contract terms and/or billing cycle.

Revenue can be recognized for projects based on time and materials, for professional services or on a percentage of completion basis for product implementation and support. Both can result in unbilled revenue until the customer is invoiced.

Impairment of non-financial assets

Impairment exists when the carrying value of a non-financial asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the Corporation's budget and do not include restructuring activities, if any, that the Corporation is not yet committed to or significant future investments that will enhance the non-financial asset's performance of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash-generating units may include a sensitivity analysis.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the range of business relationships and the long-term nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Corporation may establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities.

The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Deferred tax assets, if any, are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Share-based compensation

The Corporation has a share-based compensation plan. The Corporation accounts for share-based compensation options granted to employees and consultants using the fair value method determined using the Black-Scholes option valuation model. The estimated compensation expense related to share-based compensation is recognized over the vesting period of the options granted, with the related credit being charged to contributed surplus.

Consideration paid by employees on the exercise of share-based compensation is recorded as capital stock and the related share-based compensation is transferred from capital reserves to capital stock.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Useful life of an intangible asset

Intangible assets with finite lives are amortized on a straight-line basis over their expected useful life once the asset is available for use. Many factors are considered in determining the useful life of an intangible asset, including technical, technological, commercial or other types of obsolescence and typical product life cycles for the asset. Changes to the expected useful life of an asset is accounted for prospectively.

Treatment of development costs

Costs to develop products are capitalized to the extent that the criteria are met for recognition as intangible assets in accordance with IAS 38. Such criteria require that the product is technically and economically feasible, the Corporation has the intention and ability to use the asset, and that the asset will generate future benefits to the Corporation. Management assessed the capitalization of development costs based on the attributes of each development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is technically and economically feasible.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

As at April 27, 2024, the date of authorization of these financial statements, the Corporation performed an assessment of new and revised standards, issued by the IASB that are not yet effective.

The Corporation has assessed that the impact of adopting these accounting standards on its consolidated financial statements would not be material.

7. OPERATING SEGMENT INFORMATION

For management purposes, the Corporation is organized into two operating segments. The Corporation's chief decision makers; the Chief Executive Officer, the President and the Chief Financial Officer, tracks the Corporation's operations by country.

These country segments represent the Corporation's reportable operating segments, which are used to manage the business. The Corporation analyses the performance of its operating segments based on expenditures and revenue growth.

Statement of profit and loss for the year ending December 31, 2023

	NTG Canada	NTG Egypt	Consolidated Total
Revenue	\$ 25,123,148	\$ 2,604,969	\$ 27,728,117
Cost of sales	15,138,638	3,366,345	18,504,982
Gross margin	\$ 9,984,510	\$ (761,376)	\$ 9,223,135
Expenses	(6,587,510)	(590,790)	(7,178,730)
Depreciation / Amortization	(516,952)	(70,049)	(587,001)
Other income	—	252,308	252,308
Exchange gain arising on translation	—	606,024	606,024
Total comprehensive income for the year	\$ 2,879,618	\$ (563,883)	\$ 2,315,735

Statement of profit and loss for the year ending December 31, 2022

	NTG Canada		NTG Egypt		Consolidated Total
Revenue	\$	13,359,140	\$	4,293,173	\$ 17,652,313
Cost of sales		7,345,003		3,584,913	10,929,917
Gross margin	\$	6,014,137	\$	708,260	\$ 6,722,396
Expenses		(4,813,873)		(298,125)	(5,111,998)
Depreciation / Amortization		(362,670)		(75,541)	(438,211)
Other income		–		81,473	81,473
Accretion		(5,804)		–	(5,804)
Exchange loss arising on translation		–		(459,423)	(459,423)
Total comprehensive income for the year	\$	831,790	\$	(43,356)	\$ 788,434

All of the Corporation's assets are located in Canada and the Middle East.

Long term asset additions for the year ended December 31, 2023

	NTG Canada		NTG Egypt		Consolidated Total
Asset additions/dispositions for the year ending December 31, 2023					
Property and equipment (Note 14)					
Additions	\$	30,315	\$	658,834	\$ 689,149
Dispositions		–		(22,146)	(22,146)
Intangible assets (Note 15)		1,673,091		–	1,673,091
	\$	1,703,406	\$	636,688	\$ 2,340,094

Long term asset additions for the year ended December 31, 2022

	NTG Canada		NTG Egypt		Consolidated Total
Asset additions for the year ending December 31, 2023					
Property and equipment (Note 14)					
	\$	2,555	\$	125,744	\$ 128,299
Intangible assets (Note 15)		1,302,221		–	1,302,221
	\$	1,304,776	\$	125,744	\$ 1,430,520

Long term assets for the year ended December 31, 2023

	NTG Canada	NTG Egypt	Consolidated Total
Assets as at December 31, 2023			
Property and equipment	\$ 40,769	\$ 774,142	\$ 814,911
Intangible assets	4,457,474	–	4,457,474
	\$ 4,498,243	\$ 774,142	\$ 5,272,385

Long term assets for the year ended December 31, 2022

	NTG Canada	NTG Egypt	Consolidated Total
Assets as at December 31, 2023			
Property and equipment	\$ 26,986	\$ 194,746	\$ 221,732
Intangible assets	3,205,601	–	3,205,601
	\$ 3,232,587	\$ 194,746	\$ 3,427,333

The Corporation determines the geographic location of revenues based on the location of its customers.

Sales by geographic location for the year ending December 31,	2023		2022	
North America	\$	235,245	\$	428,665
Iraq		1,788,890		1,608,208
Saudi Arabia		22,479,963		10,281,966
Egypt	\$	2,604,969	\$	4,293,173
Oman	\$	619,802	\$	953,883
Kuwait	\$	(752)	\$	86,418
	\$	27,728,117	\$	17,652,313

In the past, the majority of the Corporation's revenue is derived from the telecommunication industry. From 2021, the Corporation has been working within the IT field in the banking industry. In 2023, approximately 54% (2022: 35%) of the Corporation's revenue was derived from three customers (2022: two customers).

Receivables by segment for the year ending December 31,	2023		2022	
Canada	\$	5,725,885	\$	2,856,315
Egypt		642,961		1,025,205
	\$	6,368,846	\$	3,881,520

As at December 31, 2023, approximately 53% (2022: 37%) of the Corporation's trade accounts receivable balance was from three (2022: three) customers.

Payables by segment for the year ending December 31,	2023		2022	
Canada	\$	7,118,876	\$	6,270,838
Egypt		828,769		714,429
	\$	7,947,645	\$	6,985,267

Bank indebtedness by segment for the year ending December 31,	2023	2022
Egypt	298,743	389,321
	\$ 298,743	\$ 389,321

8. INCOME TAXES

The following is a reconciliation of the taxable losses for the years ended as indicated.

NTG Clarity Networks Inc.

As at December 31,	2023	2022
Income before income taxes	\$ 2,879,618	\$ 831,970
Income tax at the combined Canadian federal and provincial tax rate of 26.5%	763,099	220,424
Non-deductible share-based payments	27,626	86,986
Intercompany expenses	(70,022)	(273,288)
Depreciation/amortization of PPE and intangibles	136,992	96,108
Non-deductible meals & entertainment expenses	2,618	2,675
Tax effect of utilization of tax losses not previously recognized	(860,313)	(132,905)
Income tax recognized on the statement of comprehensive income	\$ –	\$ –

NTG Egypt Advanced Software

As at December 31,	2023	2022
Income before income taxes	\$ (1,169,907)	\$ 416,067
Income tax at the combined Egyptian federal and provincial tax rate of 22.5%	–	93,615
Tax effect of utilization of tax losses not previously recognized	–	(93,615)
Income tax recognized on the statement of comprehensive income	\$ –	\$ –

The Corporation has the following unrecognized deferred income tax assets for the years ended as indicated. They were not recognized on the statements of financial position because it was not probable that they would be utilized.

As at December 31,	2023	2022
Deferred tax asset in relation to:		
Property and equipment	\$ 38,438	\$ 29,747
Non-capital loss carry-forwards	3,354,312	4,363,987
Deferred tax assets not recognized	3,392,750	4,393,734
Less: Valuation allowance	3,392,750	4,393,734
Deferred tax asset recognized	\$ –	\$ –

The Corporation has available income tax losses in the amounts of \$12,657,781 for the Canadian federal and provincial tax purposes which may be carried forward to reduce future years' taxable income which expire as follows:

2037	\$	4,200,396
2039		6,834,650
2040		1,622,735
	\$	12,657,781

9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the year plus the weighted average number of common

shares, if any, that would be issued on conversion of all the dilutive potential effects.

The outstanding number and type of securities that could potentially dilute basic net income per share in the future but that were not included in the computation of diluted net income per shares because to do so would have reduced the earnings per share (anti-dilutive) for the year presented are as noted below.

The following outstanding instruments could have a dilutive effect in the future:

As at December 31, 2023

Options – Share-based payments (Note 21(b))



19,806,000

19,706,000

Note a: of which 19,706,000 had vested as of December 31, 2023.

The following reflects the earnings and unit data used in the basic and diluted earnings per share computations:

December 31,	2023	2022
Net earnings attributable to ordinary equity holders of the parent for basic earnings	\$ 2,315,735	\$ 788,434
Net earnings attributable to ordinary equity holders of the parent adjusted for the effect of dilution	\$ 2,315,735	\$ 788,434

December 31,	2023	2022
Weighted average number of common shares outstanding for basic earnings per share (Note 21)	185,172,355	147,972,355
Weighted average number with the effect of dilution on common shares	204,978,355	165,687,355
Income per share (basic)	\$0.01	\$0.01
Income per share (diluted)	\$0.01	\$0.00

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at banks and on hand in the amount of \$358,088 as at December 31, 2023 (2022: \$725,020).

11. TRADE AND OTHER RECEIVABLES

December 31,	2023	2022
Trade receivables	\$ 5,847,655	\$ 3,188,290
Less: allowance for expected credit losses	–	(25,057)
Net Trade receivables	5,847,655	3,163,233
Contract assets	198,729	354,485
Total trade receivables and contract assets	6,046,384	3,517,718
Receivables from tax authorities	275,066	296,173
Other receivables	47,396	67,629
	\$ 6,368,846	\$ 6,376,870

Trade receivables are non-interest bearing and are generally on 30-180 day terms. The Corporation had a provision for expected credit losses in the amount of \$Nil (2022: \$25,057). The amount relating to impairment of trades receivables is \$66,606 (2022: \$Nil).

Neither past due nor impaired	2023	2022
Current	\$ 2,983,147	\$ 2,230,177
31 – 60 days	2,111,346	311,791
61 – 90 days	203,030	326,625
91 – 180 days	337,372	199,960
Past due but not impaired		
Greater than 180 days	212,760	119,737
	\$ 5,847,655	\$ 3,188,290

Contract assets consists of service revenue that has already been rendered as at December 31, 2023 and recognized in accordance with the Corporation's revenue recognition policy from Note 3.

12. PREPAID EXPENSES AND DEPOSITS

December 31,	2023	2022
Prepaid rent	\$ 87,090	\$ 47,660
Prepaid insurance	35,773	32,372
Other prepaids	6,979	6,719
	\$ 86,751	\$ 86,751

13. BID/PERFORMANCE BONDS

At December 31, 2023, \$293 in performance bonds (2022: \$17,431) was for a bond in Egypt.

Performance bonds typically remain in place for a period of one year from the start of the project and are released back to the Corporation when the project is completed subsequent to customer acceptance. Bid bonds are typically in place for a 90-120 day period but can be extended. The bonds are non-interest bearing.

Performance Bond - Opening Balance January 1,	2023	2022
Saudi Arabia	–	28,907
Egypt	17,431	26,857
Opening Balance - January 1,	\$ 17,431	\$ 55,764
Refunded during the year:		
Egypt	–	–
Total refunded during the year	–	–
Refunded during the year:		
Saudi Arabia	–	(28,907)
Egypt	(17,138)	(9,426)
Total refunded during the year	(17,138)	(38,333)
Performance Bond - Ending Balance December 31,		
Saudi Arabia	–	–
Egypt	293	17,431
Ending Balance – December 31,	\$ 293	\$ 17,431

14. PROPERTY, PLANT AND EQUIPMENT

The amount of borrowing costs capitalized during the year ending December 31, 2023 was \$Nil (2022: \$Nil).

	Furniture & Equipment	Computer Equipment	Computer Software	Land & Buildings	Total
Cost:					
At January 1, 2022	\$580,849	\$929,273	\$400,996	\$–	\$1,911,118
Additions	36,661	91,638	–	–	128,299
At December 31, 2022	\$617,510	\$1,020,911	\$400,996	\$–	\$2,039,417
Additions	77,417	192,960	–	418,772	689,149
Disposals	(22,146)	–	–	–	(22,146)
At December 31, 2023	\$672,781	\$213,871	\$400,996	\$418,772	\$2,706,420

	Furniture & Equipment	Computer Equipment	Computer Software	Land & Buildings	Total
Accumulated depreciation and impairment:					
At January 1, 2022	\$485,753	\$885,741	\$356,330	\$—	\$1,727,824
Depreciation for the year	18,808	71,053	—	—	89,861
At December 31, 2022	\$504,561	\$956,794	\$356,330	\$—	\$1,817,685
Depreciation for the year	22,327	53,340	—	10,913	86,580
Disposals	(12,756)	—	—	—	(12,756)
At December 31, 2023	\$514,132	\$1,010,134	\$356,330	\$10,913	\$1,891,509
Net book value:					
At December 31, 2023	\$158,649	\$203,737	\$44,666	\$407,859	\$814,911
At December 31, 2022	\$112,949	\$64,117	\$44,666	—	\$221,732

Addition to land and buildings as at the end of the reporting period is as follows:

	2023	2022
Land	\$ 83,755	\$ —
Building	335,017	—
	\$ 418,772	\$ —

15. INTANGIBLE ASSETS

Intangible assets related to the upgrade of the internally developed the NTGapps (formerly Smart2Go) platform capitalized from 2020 to 2023.

Expenditures on development of the software are recognized as an asset from the time the Corporation has determined an indefinite future economic benefit exists.

NTGapps will expedite and facilitate the digital transformation journey for enterprises in all businessverticals. It enables enterprises to automate their processes and create applications without need for development.

NTGapps offers the future of rapid application development with different output format. It is a powerful development tool without the need for knowledge of development languages.

NTGapps is built on NTG's proven workflow technology and provides both a portal and mobile apps for its users. NTG will provide its NTGapps platform and its associated marketplace of the applications developed on it, on the cloud, software- as-a-service or on premise for its large enterprise customers.

The platform allows users to graphically build new screens, define and apply business rules, and create required workflow. In addition, one of the most powerful features of NTGapps is the ease of integration with other systems such as ERPs, CRMs, financial systems, engineering systems etc.

With a mouse click, supporting various popular integration protocols such as SOAP, REST and others. The development costs are determined to have a useful life of 10 years are amortized on a straight-line basis.

During 2023, \$1,673,091 was capitalized (2022: \$1,302,221) and \$421,218 was amortized (2022: \$277,416).

	NTGapps Development Costs	
Cost:		
At January 1, 2022	\$	2,312,018
Additions		1,302,221
At December 31, 2022	\$	3,614,239
Additions		1,673,091
At December 31, 2023	\$	5,287,330
Accumulated amortization and impairment:		
At January 1, 2022	\$	131,222
Amortization for the year		277,416
At December 31, 2022	\$	408,638
Amortization for the year		421,218
At December 31, 2023	\$	829,856
Net book value:		
At December 31, 2023	\$	4,457,474
At December 31, 2022	\$	3,205,601

16. INVESTMENT IN JOINT VENTURE

The corporation has a 50% interest in Alamat E-Commerce Systems Company, a joint venture originally valued at 500,000 EGP. The corporation interest in joint venture is accounted for using the equity method in the consolidated financial statements at \$142,136. The aggregate of the share of profit or loss of an associate and a joint venture of \$217,204 is included in other income on the face of the statement of profit or loss.

17. RIGHT OF USE ASSET

Right-of-use of Asset as at January 1, 2022	\$ 100,490
Present value of lease commitments at a borrowing rate of 19%	–
Depreciation	(70,934)
Right-of-use of Asset as at January 1, 2023	29,556
Present value of lease commitments at a borrowing rate of 19%	170,214
Depreciation	(79,202)
Right-of-use Asset as at December 31, 2023	\$ 120,568

On June 1, 2021, the Corporation leased office space for a period of 2 years, expiring May 31, 2023. The lease was renewed for an additional 2 years, expiring May 31, 2025. The Corporation recognized right-of-use assets and lease liability of \$170,214.

The lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate of 19%, which represents a significant accounting judgment.

Lease liability

The lease liability as at December 31, 2023 is as follows:

Lease Liability as at January 1, 2022	\$ 113,054
Add: present value of new lease commitments at a borrowing rate of 19%	–
Add: interest accretion during the reporting period	16,510
Subtract: lease payments during the reporting period	(90,560)
Lease Liability as at January 1, 2023	39,004
Add: present value of new lease commitments at a borrowing rate of 19%	170,214
Add: interest accretion during the reporting period	17,921
Subtract: lease payments during the reporting period	(96,369)
Lease Liability as at December 31, 2023	\$ 130,770
Current portion	86,829
Long-term portion	43,941

The undiscounted future lease payments are as follows:

2024	105,600
2025	46,161
	\$ 151,761

18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

December 31,	2023	2022
Trade payables (i)	\$ 3,991,557	\$ 1,488,841
Accrued liabilities (i)	196,845	174,237
Related parties payable (ii)	1,122,290	1,608,735
Payroll liability (iii)	1,197,000	2,231,833
Payroll taxes payable	18,184	17,069
Sales taxes payable	930,137	817,241
Other accounts payable	491,632	647,311
	\$ 7,947,645	\$ 6,985,267

- Trade payables and accrued liabilities are non-interest bearing.
- Related parties payables are interest bearing at 5-8% interest p.a, \$87,439 (2022: \$103,363) was recognized as an interest accrued for the year ended December 31, 2023 and have no specified terms of repayment.
- As of December 31, 2023, Key management (Ashraf Zaghoul and Kristine Lewis) is owed a total of \$1,088,438 end of service payroll liability. Included in payroll liability is an amount owed to related parties for \$22,971.

19. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Other financial liabilities

Long-term debt

December 31,	2023	2022
Long-term debt (i)	\$ 6,512,880	\$ 6,512,880
CEBA loan	–	10,000
Long-term portion of CIB loan (iii)	123,881	153,254
	\$ 6,636,761	\$ 6,676,134

(i) The loan is due to 2729252 Ontario Inc., a company controlled by Ashraf Zaghoul, NTG CEO and Kristine Lewis, NTG President.

The loan remains secured by a General Security Agreement over the assets of the Corporation and charge interest as per company ability to pay subject to maximum of bank prime plus 2.05%.

There are no specific repayment terms and will not be repaid in the next 12 months. The Corporation recognized interest expense of \$68,875 (2022: \$74,312) which is included in above loan balance.

December 31,	2023		2022	
Bank indebtedness (ii)				
Bank indebtedness	\$	298,743	\$	389,321
Long-term debt (iii)				
Long-term debt payable (CIB Loan)	\$	245,496	\$	306,507
- Current portion	\$	122,748	\$	153,253
- Long term	\$	122,748	\$	153,254

As of December 31, 2023, NTG Egypt Advanced Software has the following credit facilities:

- (i) Overdraft facility with QNB bank in Egypt in the amount of 7,000,000 Egyptian pounds with an interest rate of 18%. The amount drawn on the facility as at December 31, 2023 is \$298,743 (2022:\$389,321). 232,625 Egyptian pounds plus interest. In 2023, the Corporation further increased the credit facility to 5,750,000 Egyptian pounds, repayable over 2 years in monthly principal payments of 239,584 Egyptian pounds plus interest.
- (ii) In 2022, the Corporation had a loan with CIB bank in Egypt in the amount of 5,583,000 Egyptian pounds at interest rate of 10% per annum plus bank corridor rate, repayable over 2 years in monthly principal payments of The loan outstanding as on year end is 5,750,000 Egyptian pounds (approximately \$245,496, (2022: \$306,507).

(b) Fair values

Set out below is a comparison by class of the carrying amount and fair value of the Corporation's financial instruments that are carried in the financial statements.

	Carrying Amount		Fair Value	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Financial assets				
Cash and cash equivalents	\$ 358,088	\$ 725,020	\$ 358,088	\$ 725,020
Trade and accounts receivable	6,093,780	3,585,347	6,093,780	3,585,347
Performance bonds	293	17,431	293	17,431
Total Financial Assets	\$ 6,452,161	\$ 4,327,798	\$ 6,452,161	\$ 4,327,798

	Carrying Amount		Fair Value	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Financial liabilities				
Accounts payable and accrued liabilities	\$ 6,999,324	\$ 6,150,957	\$ 6,999,324	\$ 6,150,957
Bank indebtedness	298,743	389,321	298,743	389,321
Current portion of long-term debt	122,748	153,254	122,748	153,254
Long-term debt	6,635,628	6,676,134	6,635,628	6,676,134
Loan payable	493,767	701,760	493,767	701,760
Total Financial Liabilities	\$ 14,550,210	\$ 14,071,425	\$ 14,550,210	\$ 14,071,425

The fair value of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in an orderly transaction between market participants in an arm's length transaction at the measurement date. The following methods and assumptions were used to estimate the fair values:

- Trade and other accounts receivables, accounts payable and accrued liabilities, other current liabilities approximate their carrying

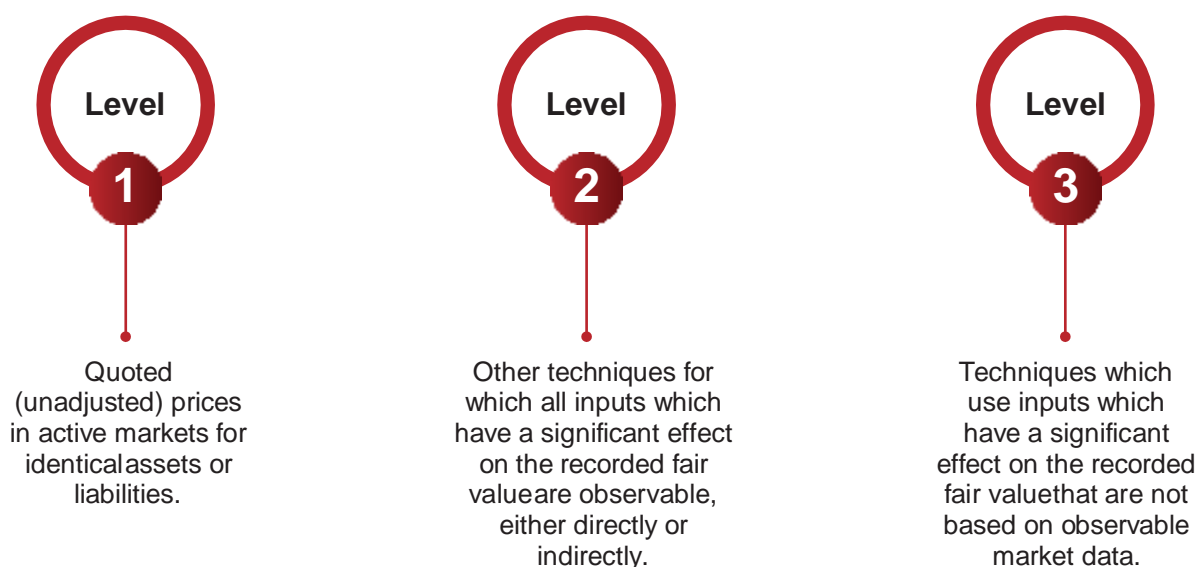
amounts largely due to the short-term maturities of these instruments.

- Fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments and other financial liabilities (loans payable) are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk, and remaining maturities.

Fair value hierarchy

As at December 31, 2023, the Corporation held cash measured at fair value.

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:



Assets measured at fair value	December 31, 2023	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 358,088	\$ 358,088	\$ –	\$ –
Investment in joint venture	–	–	–	142,136
Assets measured at fair value	\$ 358,088	\$ 358,088	\$ –	\$ 142,136
No liabilities were measured at fair value	\$ –	\$ –	\$ –	\$ –

During the reporting year ending December 31, 2023, there were no transfers between Level 1 and Level 2 fairvalue measurements, and no transfers into and out of Level 3 fair value measurements.

20. GOVERNMENT GRANT

In 2020, the Corporation has received \$60,000 for the Canadian Emergency Business Account (CEBA) loan. The loan amount is interest-free and \$20,000 forgivable if the \$40,000 amount is paid by March 28, 2024, after which the full amount is subject to a 5% annual interest rate and due on December 31, 2025.

Initial recognition of the CAD\$60,000 was at its fair value at a discount rate of 19.99%, representing the Corporation's estimated unsecured credit risk. The Corporation had repaid \$10,000 against the loan in 2023 and \$30,000 in 2022 and outstanding amount of NIL (2022: \$10,000) and NIL (2022: \$5,804) was recognized as an interest accrued for the year ended December 31, 2023.

21. EQUITY INSTRUMENTS

(a) Common shares

As at December 31, 2023, the authorized share capital consists of an unlimited number of first preferred shares, second preferred shares and common shares. To date, no first or second preferred shares have been issued.

Before any shares of a particular preferred share series are issued the directors of the Corporation, by resolution shall fix the dividend rates, whether the dividends are cumulative and the redemption price of the redeemable shares.

Changes in the issued common shares of the Corporation are as follows:

	Common Shares	Amount
Balance, January 1, 2022	147,472,355	\$ 13,561,986
Shares issued on exercise of share options (i)	500,000	25,000
Allocation of contributed surplus (i)	–	20,000
As at, December 31, 2022	147,972,355	\$ 13,606,986
Shares issued on exercise of share options (i)	200,000	10,000
Shares issued for private placement (ii)	37,000,000	1,110,000
Allocation of contributed surplus (i)	–	10,000
Balance, December 31, 2023	185,172,355	\$ 14,736,986

- (i) In 2023, a total of 200,000 (2022: 500,000) options were exercised, with a total value of \$10,000 (2022: \$25,000). This resulted in a re-allocation of contributed surplus to capital stock in the amount of \$10,000 (2022: \$20,000). In 2022, a total of 500,000 options were exercised, with a total value of \$25,000. This resulted in a re-allocation of contributed surplus to capital stock in the amount of \$20,000.
- (ii) On December 12, 2023, the Corporation completed a non-brokered private placement of 37,000,000 shares issued at a price of \$0.03 per share for aggregate gross proceeds of \$1,110,000. The common shares issued are subject to four-month hold period.

9,000,000 of these shares were issued to directors of the corporation and 28,000,000 of these shares were issued to 2729252 Ontario Inc., a company controlled by directors.

(b) Share-based payments

The Corporation has a formal stock option plan allowing the Company to issue options to its directors, officers, employees and consultants in order to attract and retain qualified and experienced individuals. The Board of Directors determines the exercise price and the number of options to be granted as well as all the terms of conditions of the options. All options granted by the Corporation are non-assignable. The options generally expire three to five years subsequent to the date of grant and vest over two years.

No options were granted to non-employees during 2023 and 2022. Details of stock options are as follows:

	Options	Weighted average exercise price
As at, January 1, 2022	12,475,000	\$ 0.05
Granted	7,045,000	\$ 0.05
Exercised	(500,000)	0.05
Expired	(1,305,000)	0.08
As at, December 31, 2022	17,715,000	\$ 0.05
Granted	3,230,000	\$ 0.05
Exercised	(200,000)	0.05
Expired	(939,000)	0.05
As at, December 31, 2023	19,806,000	\$ 0.05

The stock options expire at various dates between December 2025 and December 2028.

The weighted average expected contractual lives of outstanding and exercisable options are as follows:

Exercise Price	Options Outstanding		Options Exercisable	
	Number outstanding Dec 31/23	Remaining life of option	Number outstanding Dec 31/23	Remaining life of option
\$ 0.05	19,806,000	\$ 2.97	19,706,000	\$ 2.97

Activity related to share-based compensation is as follows:

For the year ending December 31, 2023 the Corporation recorded \$104,250 (2022: \$328,250) as contributed surplus and compensation expense, which is measured at fair value at the date of grant and is expensed over the option's vesting year.

The weighted average fair value of options granted during the year 2023 is \$0.05 (2022: \$0.05).

In determining the amount of share-based compensation, the Corporation used the Black-Scholes option pricing model to establish the fair value of options granted by applying the following assumptions:

	2023	2022
Stock price	\$0.04	\$0.03
Risk-free interest rate	3.72 – 4.93%	1.04 – 3.28%
Expected life (years)	5 years	5 years
Expected dividend yield	0%	0%
Expected volatility	0.0 – 219.05%	0.0 – 225.27%
Fair value of options issued in fiscal year	\$ 0.03	\$ 0.05

22. CONTRIBUTED SURPLUS

Contributed surplus for the year ending consisted of \$104,250 (2022: \$328,250) for share-based payments and re-allocation of contributed surplus on exercise of share options \$10,000 (2022: \$20,000).

Opening balance December 31, 2022	\$ 2,617,273
Share-based payments	104,250
Reallocation on exercise of share options	(10,000)
Balance as at December 31, 2023	\$ 2,711,523

23. DIVIDENDS PAID AND PROPOSED

Cash dividends

The Corporation's practice is to not make dividend payments to shareholders.

24. COST OF SALES

The details of the Corporation's cost of sales are as follows:

Cost of sales	2023	2022
Salaries	\$ 13,794,531	\$ 9,695,623
Travel	518,168	742,196
Hardware	57,522	79,907
Consulting	3,533,530	–
Other	601,231	412,191
Total	\$ 18,504,982	\$ 18,173,278

25. EXPENSES: DISCLOSURE OF FUNCTION EXPENSES

The details of the Corporation's function expenses are as follows:

Selling	2023	2022
Salary and wages	\$ 1,636,417	\$ 1,416,599
Marketing	391,821	248,356
Mailing and courier	6,903	7,481
Professional services	19,538	29,617
Meals and entertainment	19,756	15,904
Travel	98,490	—
Total	\$ 2,172,925	\$ 1,717,956

General and Administrative	2023	2022
Salary and wages	\$ 2,147,792	\$ 1,648,646
Occupancy	151,522	114,484
Consulting	47,016	52,878
Professional fees	155,675	113,650
Insurance	954,900	480,172
Dues and subscriptions	40,853	27,941
Penalties and fees	24,215	(50,020)
Office and General	341,603	67,759
Total	\$ 3,863,576	\$ 2,455,510



26. LOANS PAYABLE

In 2020, the Corporation entered into an agreement for funding on a sales project in the amount of \$338,080 (USD \$ 266,667). The agreement states that the lender will be paid 67% interest on the funding for one-sixth of the profit from the project. The Corporation renewed the agreement in July 2021 and as per the revised term the investor will be paid 63% interest on the funding for one-eleventh of the profit from the project, and the capital investment is payable on demand with 90 days notice. All other terms remain same.

In 2022, the Corporation entered into an agreement for funding on a sales project in the amount of \$325,000 (USD \$ 240,000). The agreement states that the lender will be paid 63% of funding for one-eleventh of the profit from the project. The Capital investment was paid in July 2023.

This transaction does not qualify as a joint arrangement or a principal-agent relationship. The amount is non-secured.

In 2022, the Corporation entered into a non-secured loan agreement in the amount of \$15,530 (USD \$11,467) with no interest rate payable within 1 year. The amount is non-secured, and was paid by January 2023.

During the year, the Corporation entered into a non-secured loan agreement in the amount of \$141,077 (USD 106,667) with no interest rate payable by January 2024.

As of December 31, 2023, the Loans Payable amount owed is \$493,767 (2022: \$701,760).

27. RELATED PARTY DISCLOSURES

The financial statements include the financial statements of the Corporation and the subsidiaries listed in the following table:

Name	Country of Incorporation	Equity Interest
NTG Egypt Advanced Software (Subsidiary)	Egypt	95%
NTG Clarity Networks US Inc. (Subsidiary)	USA	100%

- a) All related party transactions are carried out in the normal course of operation and are recorded at fair value.

The following tables provide the balances owing to key management and key management compensation for the years:

	Interest Received	Amounts Owed by Related Parties	Amounts Owed to Related Parties
Key management personnel of the Corporation:			
December 31, 2023 (i)	\$ –	\$ –	\$ 2,210,728
December 31, 2022	\$ –	\$ –	\$ 1,657,562

<i>Key management compensation</i>	2023	2022
Short term employee benefits	\$ 557,457	\$ 861,045
Post-retirement employee benefits	56,667	37,083
Share-based payments	18,000	136,300
Total	\$ 634,124	\$ 1,034,428

- (i) As of December 31, 2023, Key management (Ashraf Zaghloul and Kristine Lewis) is owed a total of \$2,210,728 for unpaid salaries, expenses, benefits and compensation, outstanding since 2016. These amounts are part of Accounts Payable in Note 18.
- (ii) Included in other receivables is an amount receivable from related parties for \$26,303 (2022: \$2,744). The balance is unsecured, non-interest bearing and has no specific terms of repayment. Included in payroll liability is an amount owed to related parties for \$22,971.

b) The Ultimate Parent

The Corporation is the ultimate parent entity.

Related Party Transactions

Certain inter-company transactions between the Corporation and its subsidiaries, which are related parties to the Corporation, have been eliminated.

Related parties include key management, the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions.

- c) During the year 2023, directors and officers of the Corporation were granted a total number of 900,000 options (2022: 4,300,000), as described in Note 20(b), that were valued at \$27,000 (2022: \$215,000). In the year 2023, the directors and officer had not exercised any options (2022: None).

The loan is due to 2729252 Ontario Inc, which is a private company owned by two directors of the Corporation. See Note 19 (a) for more information.

The Indebtedness held by the Corporation is secured by a General Security Agreement over the assets of the Corporation. As of December 31, 2023, the loan amount is \$6,512,880 (2022: \$6,512,880).

The Corporation recognized interest expense of \$68,875 (2022: \$74,312) in the statement of profit and loss.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation's primary risk management objective is to protect the Corporation's balance sheet and cash flow.

The Corporation's principal financial liabilities comprise of bank overdraft, long term debt and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Corporation's operations.

The Corporation is exposed to market risk, interest rate risk, foreign exchange risk, credit risk, and liquidity risk.

The Corporation's senior management oversees the management of these risks. The Corporation's senior management is supported by a Committee that advises on financial risks and the appropriate financial risk governance framework for the Corporation.

The Committee provides assurance to the Corporation's senior management that the Corporation's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Corporation's policies and group risk appetite.

All derivative activities, if any, for risk management purposes are carried out by a team that has the appropriate skills, experience, and supervision.

It is the Corporation's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk.

Interest rate risk

The Corporation's exposure to interest rate fluctuations is primarily interest paid on its bank indebtedness and long-term loans. The Corporation has performed sensitivity analysis on interest rates at December 31, 2023 to determine how a change in interest rates would impact equity and net loss.

During the year the Corporation paid \$378,985 (2022: \$315,656) on its loans and liabilities. An increase or decrease of 100 basis points in the average interest rate paid during the period would have adjusted net earnings by approximately \$37,899 (2022: \$31,566). This analysis assumes that all other variables remain constant.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to the risk of changes in foreign exchange rates relates primarily to the Corporation's operating activities, when revenue or expense are denominated in a different currency from the Corporation's functional currency. The parent entity's functional currency is the Canadian dollar.

The Corporation does not hedge the risk related to fluctuations of the exchange rate between USA and Canadian dollars from the date of the sales transactions to the collection date due to the short-term nature of this exposure.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to the risk of changes in foreign exchange rates relates primarily to the Corporation's operating activities, when revenue or expenses are denominated in a different currency from the Corporation's functional currency. The parent entity's functional currency is the Canadian dollar.



Foreign currency risk

A 10% change in exchange rates on December 31, 2023 would have the following approximate impacts:

10% impact to:	U.S. Dollar USD	Omani Riyal OMR	Kuwait Dinar KWD	Saudi Riyal SAR	Turkish Lira TRY	Iraqi Dinar IQD	Egyptian Pound LE
P&L in CAD	\$63,360	\$1,999	\$19,027	\$213,937	\$1,238	\$2,245	\$31,501
Equity in CAD	\$46,569	\$1,469	\$13,985	\$157,244	\$910	\$1,650	\$23,154

A 10% change in exchange rates on December 31, 2022 would have the following approximate impacts:

10% impact to:	U.S. Dollar USD	Omani Riyal OMR	Kuwait Dinar KWD	Saudi Riyal SAR	Turkish Lira TRY	Iraqi Dinar IQD	Egyptian Pound LE
P&L in CAD	\$36,150	\$17,662	\$25,258	\$56,577	\$22	\$Nil	\$141,840
Equity in CAD	\$26,570	\$12,981	\$18,564	\$41,584	\$16	\$Nil	\$104,252

Commodity price risk

The Corporation is not subject to price risk from fluctuations in market prices of commodities.

Equity price risk

The Corporation has no exposure to equity price risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Corporation's financial instruments that are exposed to credit risk consist primarily of trade receivable. The Corporation's exposure to credit risk is impacted by the economic conditions for the industry which could affect the customers' ability to satisfy their obligations.

In order to reduce risks, the Corporation performs periodic credit evaluations of the financial conditions of its customers and typically does not require collateral from them. Management assesses the need for allowance for potential credit losses by considering the credit risk of specific customers, historical trends and other information.

The aging of trade accounts receivable are as follows:

December 31,	2023	2022
Neither past due nor impaired		
Current	\$ 2,983,147	\$ 2,230,177
30 – 60 days	2,113,346	311,791
61 – 90 days	203,030	326,625
90 – 180 days	337,372	199,960
Past due but not impaired		
Greater than 180 days	212,760	119,737
	\$ 5,847,655	\$ 3,188,290

The credit quality of all the accounts receivable of the Corporation that are neither past due nor impaired and the age of accounts receivable that are past due but not impaired have been assessed on an individual basis and determined to have a mitigated risk profile.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due.

The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions.

The Corporation manages liquidity risk by reviewing its capital requirements on an ongoing basis.

The Corporation continuously reviews both actual and forecasted cash flows to ensure that the Corporation has appropriate capital capacity.

The following table summarizes the amount of contractual undiscounted future cash flow requirements for financial instruments as at December 31, 2023:

Contractual obligations	2023	2022	2026	2027 and after	Total
Operating line of credit	\$ 298,743	\$ –	\$ –	\$ –	\$ 298,743
Accounts payable and accrued liabilities	6,999,324	–	–	–	6,999,324
Operating lease	242,820	167,813	110,260	18,500	539,393
Long-term debt	122,748	6,635,628	–	–	6,758,376
Loans payable	493,767	–	–	–	493,767

The Corporation accrues expenses when incurred. Accounts are deemed payable once an event occurs that requires payment by a specific date. The contractual maturity of accounts payable is within one month.

The aging of trade accounts payable are as follows:

December 31,	2023	2022
Neither past due nor impaired		
Current	\$ 3,185,918	\$ 696,460
30 – 60 days	39,432	74,446
61 – 90 days	2,729	40,653
90 – 180 days	151,434	137,668
Greater than 180 days	612,044	539,614
	\$ 3,991,557	\$ 1,488,841

Capital management

The Corporation manages its capital, which consists of cash provided from operations and long-term debt, with the primary objective being safeguarding sufficient working capital to sustain operations. The Board of Directors has not established capital benchmarks or other targets.

As at December 31, 2023, the Corporation was considering pursuing additional capital through the issuance of additional equity or debt financing. There can be no guarantee that they will be successful in raising additional capital.

There have been no changes in the Corporation's approach to capital management during the year ending December 31, 2023. Also, no changes were made in the objectives, policies, or processes during the year ending December 31, 2023.

The Corporation will continually assess the adequacy of its capital structure and capacity and will make adjustments within the context of the Corporation's strategy, economic conditions, and the risk characteristics of the business. The Corporation's objectives when managing capital are to:

- (i) safeguard the Corporation's ability to continue as a going concern, so that it can provide adequate returns for shareholders and benefits for other stakeholders;

- (ii) fund capital projects for facilitation of business expansion provided there is sufficient liquidity of capital to enable the internal financing; and
- (iii) maintain a capital base to maintain investor, creditor, and market confidence.

The Corporation considers the items included in the consolidated statements of changes in shareholders' equity as capital. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares. The Corporation is not subject to externally imposed capital requirements.

29. COMMITMENTS, CONTINGENCIES, AND GUARANTEES

Operating lease commitments – Corporation as lessee

The Corporation is committed under agreements for the rental of office spaces in Egypt and Oman at a monthly rate ranging from \$1,200 to \$3,000 for the periods from 2022 to 2028.

December 31,	2023
2024	\$ 242,820
2025	167,813
2026	110,260
2027 and thereafter	18,500
	\$ 539,393

Legal claim contingency

The Corporation is subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management currently believes that resolving claims against the Corporation, individually or in aggregate, will not have a material adverse impact on the Corporation's financial position, results of operations, and cash flows. These matters are subject to inherent uncertainties and management's view of these matters may change in the future. To date, there are no claims or suits outstanding.

Guarantees

The Corporation indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Corporation, and maintains liability insurance for its directors and officers. The Corporation was unable to renew its Directors and Officers insurance. In March 2022, the corporation was unable to renew its Directors and officers insurance. Subsequent to year end, in April 2024, the corporation submitted an application for Directors and officers insurance.



30. SALE OF ENTERPRISE LICENSES

On May 1, 2020, NTG signed an Agreement for licensing a copy of Product IP Rights and Support with an Egyptian company, owned by a former Director of the Corporation. This Board-approved agreement allows this Egyptian company to purchase NTG Egypt's Enterprise business including a copy of the non-exclusive rights for the IP of two software products (Utility Billing and HMIS) for 1.2 million Egyptian pounds (approximately \$99,428). The Enterprise revenue is approximately 3-4 million Egyptian pounds per year. The divesting of these non-core older technology legacy products allows NTG management to focus on core products and services going forward.

Upon execution of the agreement, both the Corporation and the company would own a copy of the software listed (NTS UBS and HMIS), and both Parties would own the Copyright and Intellectual Property of their software copy. Either Party is free without any limitations whatsoever, to license their source code and the right to reproduce work, create derivative works, distribute and sell copies of the software worldwide without the consent

of the other Party. Each Party could sell their interest, in whole or in part of their owned software to a 3rd Party without the consent of the other Party. The carrying value of these intangible assets was zero, thus, the full proceeds of EGP 1,200,000 (approximately \$99,428) has been fully recognized as other income in the consolidated statements of profit and loss and comprehensive income.

Upon signing of the Agreement, Zaha Tech will be the sole and exclusive provider of all support to all current customers for a period of 30 months. NTG invoices the customers and retains a 10% fee upon collection of the dues from these customers, and recognizes revenue on a Net basis. During the year, the corporation recognized net revenue of \$25,147 (2022: \$NIL) under these contracts.

31. EVENTS AFTER THE REPORTING YEAR

- a) On March 18, 2023, the Corporation closed a consolidation of its outstanding common shares on the basis of one (1) post-consolidation Share for every five (5) pre-consolidation Shares. The Consolidation was approved by shareholders at the annual and special meeting of shareholders held on July 7, 2023. Shares began trading on a consolidated basis on the TSX Venture Exchange on March 20, 2024.

Corporate Information

Board of Directors

Ashraf Zaghloul
Kristine Lewis
Mohamed Saleem Siddiqi
Syed Zeeshan Hasnain

Officers

Ashraf Zaghloul
Chair & Chief Executive Officer

Kristine Lewis
President & Chief Financial Officer

International Work



Registrar and Transfer Agent

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Auditors

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Markham ON L3R 6H3
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Legal Counsel

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Stock Exchange Listing

The TSX Venture Exchange
Trading Symbol: NCI

Investor Relations

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