



## **Management’s Discussion & Analysis of Financial Conditions and Results of Operations**

This management discussion and analysis focuses on key statistics from the unaudited interim consolidated financial statements and pertains to known risks and uncertainties relating to the telecommunications and consulting industry. 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 November 28, 2022, for the three and nine months ended September 30, 2022 and should be read in conjunction with the unaudited interim consolidated financial statements and related notes and material contained in other parts of this quarterly report. It should also be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2021.

Additional information related to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-Looking Statements**

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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**

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NTG Clarity is a Canadian publicly traded Corporation (TSXV:NCI) that provides telecommunications engineering, Information Technology, networking and related software solutions. We have been developing niche software products directed at telecom service providers and utilities markets since our inception in 1993. We also provide professional services and managed services to this same vertical. We have also expanded into the financial and government sectors, providing products and technical resources 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 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 software development group and also provides professional services, offshoring services and network services to customers in Egypt.

## Summary of Events in Q3 2022

In Q3 2022, we announced the following:

- In August, we announced a \$4.16M PO from a major financial institution in the Middle East to provide onshore and offshore professional resources.
- In September, we announced multiple POs valued of approximately \$6.33M with \$5.98M of the amount being for new work.

## Outlook

Customers continue to recognize our quality of work and track record and this has resulted in increased work from our major customers that include sales of our NTGapps software product. We have also gained 16 new customers, since Q3 2021, in various sectors which represents 19% of our YTD revenue.

Subsequent to quarter end, in October 2022, we announced

- multiple POs valued at approximately \$900K. \$390K was for our NTGapps product.
- the signing of a significant Memo of Understanding (MOU) with OMB (Outsource Management Business is a division under Etisalat Services Holding) to cooperate in providing IT products and services in the Middle East.
- multiple POs valued at approximately \$2.656M. \$1.148M was for the upgrade of our NTS OSS/BSS product.

KSA's continued economic strength, due in large part to a booming economy, has shown increased demand for our products and services and has resulted in a 47% increase in revenue contribution for the country this quarter. Our increased sales team and renewed focus on the region resulted in 4 new customers in KSA contributing 8% to our YTD revenue and increasing sales by 19% in the region. With KSA being reported as the world's fastest-growing major economy<sup>1</sup>, we are well-positioned to continue to grow our revenue here.

Egypt's revenue has increased 51% over the same period last year. This is due to a 200% increase in revenue from our top 3 customers and to 5 new customers in the region.

## Summary of Quarterly Results

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. 2022 has had two quarter with the highest revenue amounts since 2016.

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

2022	Revenue	Net Income (Loss)	Profit (Loss) 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
<b>TOTAL</b>	<b>\$ 11,909,446</b>	<b>\$ 1,180,192</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 7,260,075</b>

<sup>1</sup> <https://www.eiu.com/n/saudi-arabia-set-to-be-the-worlds-fastest-growing-major-economy/>

<b>2021</b>	<b>Revenue</b>	<b>Net Income</b>	<b>Profit per Share</b>	<b>Diluted Profit per Share</b>	<b>Total Assets</b>
Quarter One	\$ 2,298,307	\$ 249,727	\$ 0.00	\$ 0.00	\$ 3,390,312
Quarter Two	\$ 2,621,252	\$ 459,813	\$ 0.00	\$ 0.00	\$ 4,409,643
Quarter Three	\$ 2,844,338	\$ 237,671	\$ 0.00	\$ 0.00	\$ 5,115,346
Quarter Four	\$ 4,132,046	\$ 416,748	\$ 0.01	\$ 0.01	\$ 6,490,706
<b>TOTAL</b>	<b>\$ 11,895,943</b>	<b>\$ 1,363,958</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 6,490,706</b>

<b>2020</b>	<b>Revenue</b>	<b>Net Income (Loss)</b>	<b>Profit (Loss) per Share</b>	<b>Diluted Profit per Share</b>	<b>Total Assets</b>
Quarter One	\$ 2,474,766	\$ (598,736)	\$ (0.01)	\$ (0.01)	\$ 2,750,861
Quarter Two	\$ 1,651,209	\$ (1,019,715)	\$ (0.01)	\$ (0.01)	\$ 2,165,928
Quarter Three	\$ 2,233,248	\$ 252,059	\$ 0.00	\$ 0.00	\$ 2,448,748
Quarter Four	\$ 1,547,766	\$ 267,776	\$ 0.00	\$ 0.00	\$ 3,406,422
<b>TOTAL</b>	<b>\$ 7,906,989</b>	<b>\$ (1,098,617)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ 3,406,422</b>

## **Quarterly Results of Operations**

NTG's business continues to operate and support customers' operations, with the majority of COVID-19 restrictions being lifted. We have managed to keep quarter over quarter revenues strong with nine straight quarters of profitability. Cash flow remains a concern as NTG depends on collections to finance operations. In Q3 2022, collections have been within acceptable limits and management continues to work to reduce legacy payables.

Financial highlights for the three and nine months ended September 30, 2022:

### **Revenue**

Consolidated revenue for the three months ended September 30, 2022 was \$4,185,208 compared to \$2,844,338 for the same period in 2021 and is made up of product-related revenue and professional services. Year to date revenues are up by 53% from 2021 (\$11,909,446 compared to \$7,763,897).

Professional service revenue was \$7,017,681 or 91% of overall revenue in 2022 and continues to be an important strategic source of revenue, given its generally recurring nature. The contribution of product-related revenue was 9% in 2022.

For the Egypt operating segment, Q3 2022 consolidated revenue was \$1,111,361 compared to \$358,473 in Q3 2021. Year to date consolidated revenues were \$3,179,152 compared to \$1,551,489 in Q3 2021. The YTD 105% increase in revenue was primarily due to a 49% increase in the revenue from Egypt's top 3 customers.

For the Canada operating segment, revenues for Q3 2022 were \$3,073,847 compared to \$2,485,865 in Q3 2021. Year to date revenues were up 41% (\$8,730,294 compared to YTD 2021: \$6,212,408). This was due to increased revenue from existing customers and 11 new customers in the Canadian segment.

### **Unbilled Revenue**

Unbilled revenue 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. 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.

At September 30, 2022, unbilled revenue was \$602,749 compared to \$342,574 at December 31, 2021. This is due to the timing of billing for contracts.

### **Costs 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.

The cost of sales for the three and nine months ended September 30, 2022 was \$2,381,755 and \$6,786,307 (Q3 2021: \$1,630,801; YTD 2021: \$4,425,587). YTD the 53% increase was offset by a 53% increase in revenue.

The gross margin for Q3 2022 was \$1,803,453 or 43% compared to \$1,213,537 or 43% for Q3 2021. For the nine months ended September 30, 2022 the gross margin was \$5,123,139 or 43%, compared to \$3,338,310 or 43% for the same period in 2021.

### **Operating Expenses**

Now that COVID-19 restrictions have been lifted, salaries for existing sales and G&A staff have returned to pre-pandemic levels. Costs for travelling and marketing events have also increased, as has insurance and professional fees. NTG's operating expenses for the three and nine months ended September 30, 2022 were \$1,104,852 and \$3,248,990 compared to \$687,063 and \$1,677,129 for the same periods last year.

### **Selling and Marketing**

Selling and marketing expenses consist primarily of sales staff remuneration, commissions, travel, advertising, consulting, and trade show costs. Selling and marketing expenses for the three and nine months ended September 30, 2022 were \$324,538 and \$1,266,035 respectively compared to \$261,654 and \$616,117 in the previous year.

The significant YTD increase in the selling and marketing costs occurred as salaries returned to pre-pandemic levels, and we hired additional sales staff to service our increasing customer base. Increased revenue also resulted in larger commission costs.

Finally, we participated in several conferences this year, including:

- Mobile World Congress (MWC) in Barcelona (February 23-March 3, 2022), where we had the opportunity to meet existing and potential customers and partners and showcase our NTGapps software product.
- Mobile World Congress (MWC) in Las Vegas (September 28-31, 2022) where we presented our network inventory and telecom use cases that solve the urgent need for a fast, reliable digital enablement needs; all of them built using our 100% configurable platform - NTGapps.
- GITEX in Dubai (October 10-14, 2022), the world's largest tech show, where we signed an MOU with OMB (Outsource Management Business), a division under Etisalat Services Holding.
- AfricaCom in South Africa (November 8-10, 2022) where 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.

Trade show fees, travel and accommodation costs for these events also contributed to the YTD increase in selling and marketing.

#### **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 and nine months ended September 30, 2022 were \$597,143 and \$1,835,638 respectively compared to \$397,016 and \$1,110,561 in the previous year.

G&A costs have increased in YTD 2022 as salaries returned to pre-pandemic levels. Insurance costs in KSA have increased with more personnel at customer sites.

#### **Foreign Exchange Gain/Loss**

For the three and nine months ended September 30, 2022, the NTG recognized a foreign currency exchange loss of \$183,170 and \$147,317 respectively, compared to a loss of \$28,393 and a gain of \$49,549 for the same periods in 2021. Additionally, the YTD foreign exchange gain on translation of our Egypt subsidiary was \$160,084 (YTD 2021: loss of \$81,640).

#### **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.

#### **Amortization of Intangible Assets**

Intangible assets are related to the NTGapps low-code digital transformation platform initially capitalized in 2020 and 2021. 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- and nine-months ending September 30, 2022 were \$75,567 and \$198,660 (Q3 2021: \$36,670; YTD 2021: \$86,289).

#### **Interest Expense**

As at September 30, 2022, the interest expense on loans and liabilities for the three and nine months was \$109,432 and \$311,256 as compared to \$95,357 and \$207,246 for the same periods in 2021. In addition to a higher cost of borrowing, increases were due to the Q1 2022 increase in the CIB loan in Egypt from a balance of 2M Egyptian pounds to 3.4M Egyptian pounds.

#### **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 one year but can have varying vesting periods.

2,755,000 and 7,045,000 stock options were granted during the three and nine months ended September 30, 2022 under the Corporation's incentive stock option plan (2021: 600,000 and 9,995,000). 500,000 options were exercised YTD 2022 (2021: 4,070,000). 17,945,000 options have vested and there are 18,195,000 issued. The difference of 250,000 will vest in the foreseeable future and the expense will be charged in the future quarters.

### **Income Taxes**

There are no income taxes for the taxation year ending December 31, 2021 as NTG has income tax losses in the amount of \$16,512,842 that are available for Canadian federal and provincial tax purposes which may be carried forward to reduce future years' taxable income (December 31, 2020: \$17,799,962).

### **Total Comprehensive Income after Taxes (Net Income)**

For Q3 2022, the NTG recorded a net income of \$434,489 compared to \$237,671 for the same period in 2021. For the nine months ended September 30, 2022, NTG recorded a net income of \$1,180,192 compared to \$947,210 in 2021.

The Egypt operating segment recorded a consolidated net income of \$289,658 and \$803,422 for the three and nine months ended September 30, 2022 (Q3 2021: \$141,612; YTD 2021: \$56,541).

The Canadian operating segment recorded a net income of \$144,831 and \$376,769 for the three and nine months ended September 30, 2022 (Q3 2021: \$96,059; YTD 2021: \$890,668).

### **Assets and non-current liabilities**

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As of September 30, 2022, NTG had \$350,952 cash on hand (December 31, 2021: \$158,870; Q3 2021: \$223,893), bid/performance bonds of \$22,364 (December 31, 2021: \$55,764; Q3 2021: \$57,172) and prepaid amounts of \$145,995 (December 31, 2021: \$64,446; Q3 2021: \$101,850).

Differences in prepaid amounts are due to the timing of insurance and rental renewals. The decrease in bond values compared to year to date 2021 occurred because of bonds that expired in KSA.

### **Intangible asset**

In past years, intangible assets were related to the upgrade of our internally developed Operations Support System/Business Support System (OSS/BSS) software product called NTS, and StageEM, our enterprise solution that allows companies to manage many current and/or proposed projects and maintain control of resources, budgets and other elements. As of December 2019, these products were impaired and removed from NTG's balance sheet, though we consider both products to be valuable assets.

In 2021 and 2022, intangible assets relate to the upgrade of our internally developed NTGapps (formerly Smart2Go) platform. NTGapps is a powerful development tool that offers rapid application development and whose users need no knowledge of development languages. Powerful templates allow users to create their own tools for HR, CRM, asset management, etc. During the period ending September 30, 2022, NTGapps development was capitalized for \$1,020,665 (2021: \$936,669). The amortization cost for 2022 was \$198,660 (2021: \$86,289).

### **Property and equipment**

Property and equipment of \$267,033 as of September 30, 2022 (December 31, 2021: \$183,294; Q3 2021: \$188,036) consists mainly of computer equipment and office furniture with a useful life of 4-10 years. We are not dependent on tangible assets and expect the purchase and disposal of property and equipment to be consistently modest in the foreseeable future. NTG had additions of \$144,714 during YTD 2022 (2021: \$73,665) and depreciation of \$114,175 (2021: \$43,386).

### **Non-current liabilities**

As of September 30, 2022, NTG had the following non-current liabilities:

- The outstanding indebtedness of \$6,512,880 held by a numbered Company is disclosed as part of the long-term debt on the Statements of Financial Position. See Note 18(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 26 for more information.
- Several loans payable of \$694,488, provided by international investors. See Note 24 for more information.

## **Liquidity and Capital Resources**

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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 Q3 2022, 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 September 30, 2022, we had a declining working capital deficit of \$3,199,366 compared to a deficit of \$3,757,061 at December 31, 2021. The improvement in working capital was primarily due to an increase in intangible and cash on hand and a \$743K decrease in accounts payable and accrued liabilities.

### **Cash Flow Provided by Operations**

The cash flow from operating activities for the three and nine months ended September 30, 2022 was an in-flow of \$569,842 and \$1,785,833, compared to an out-flow of \$(849,717) and \$(362,236) for the same periods in 2021. The primary improvements from the YTD compared to 2021 include:

- a net income of \$1.18M compared to \$900K in 2021, along with significantly larger amortization and depreciation costs.
- a decrease in accounts receivable of \$323,405 as we focused efforts on collections (2021: increase of \$886,586).
- a decrease in accounts payable and accrued liabilities of \$742,903 compared to \$624,904 in 2021).
- An increase in loans payable to assist with overseas taxes payable (increase of \$272,395 compared to a decrease of \$264,236 in 2021).

### **Cash Flow from Financing Activities**

The cash flow from financing activities for the three and nine months ended September 30, 2022, was an out-flow of \$122,032 and \$428,372, compared to an in-flow of \$1,158,629 and \$1,516,666 for the same periods in 2021. The main differences from 2021 were:

- no Shares for Debt transaction in 2022. In Q3 2021 the issuance of shares was an amount of \$2,000,000.
- fewer share options were exercised in 2022 (\$25,000) compared to 2021 (\$278,000).
- a smaller increase in long-term debt of \$15,560 compared to an increase of \$557,501 in 2021.

### **Cash Flow from Investing Activities**

The cash flow for investing activities for the three and nine months ended September 30, 2022 was similar to 2021; an out-flow of \$(398,666) and \$(1,165,378), compared to an out-flow of \$(336,833) and \$(1,075,175).

## **Commitments and Contractual Obligations**

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NTG was committed under agreements for the rental of office space in Canada at a monthly rate of \$9,232 for the period from June 1, 2016 to May 31, 2021. As of June 1, 2021, we renewed the agreement and committed to pay \$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.

Additionally, we are committed under agreements for the rental of office spaces in Egypt and Oman at a monthly rate ranging from \$800 to \$3000 for the periods from August 2021 to October 2023.

### **Debt and Credit Facilities**

As of September 30, 2022, NTG's indebtedness is 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 2022. 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 September 30, 2022, NTG Egypt Advanced Software, a subsidiary of NTG, had the following:

- an overdraft facility with QNB bank in Egypt in the amount of 7,091,584 Egyptian pounds (approximately \$499,511; Q3 2021: \$573,147) with an interest rate of 18%.
- a loan with CIB bank in Egypt in the amount of 3,400,000 Egyptian pounds at interest rate of 7% per annum, repayable in monthly principal payments of 141,667 Egyptian pounds plus interest. The loan matures on February 1, 2024. The loan amount outstanding at September 30, 2022 was 2,408,333 Egyptian pounds (approximately \$169,636; Q3 2021: \$192,498).

### **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 26.

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 unaudited interim 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, *IAS 34 Interim Financial Reporting*, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and in effect at the closing date of November 28, 2022.

Significant accounting policies are presented in detail in Note 3 of our audited consolidated financial statements for the year ended December 31, 2021. These are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

## **Proposed Transactions**

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There are no Proposed Transactions.

## **Business Risk and Management**

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NTG is exposed to market risk, interest rate risk, foreign exchange risk, credit risk, and liquidity risk. A complete description of the risks and uncertainties affecting NTG is included in the Annual Report filed April 12, 2022 or in the Annual MD&A for the year ended December 31, 2021. These can be found on *SEDAR* at [www.sedar.com](http://www.sedar.com).

Some risks have evolved since the most recent year-end report. We are monitoring these risk factors and doing what we can to minimize them; however, many are outside of our control and it is impossible to completely mitigate these risks.

Additional risks and uncertainties not described or not presently known may also impact our business. If any of these risks occur, the 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.

### **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. NTG's exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities, when revenue or expenses are in a different currency from our functional currency. The parent entity's functional currency is the Canadian dollar. To help mitigate currency risks in other countries, we invoice in USD wherever possible and/or invoice and pay expenses in the local currency. This quarter, we recognized a foreign exchange gain in both operations and on translation of foreign operations.

### **Credit risk**

As of September 30, 2022, NTG had receivables in the amount of \$3,423,641 (December 31, 2021: \$3,747,046) and unbilled revenue of \$602,749 (December 31, 2021: \$342,574). 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 due to their payment history. Management does recognize the risk though the majority of our customers are tier 1 telecom, utility and banking customers.

### **Devaluation of Egyptian pound**

Subsequent to period end, towards the end of October 2022, the Egyptian pound (EGP) was floated, and its value dropped from around 14.5 EGP to the Canadian dollar to about 18.72 EGP to the Canadian dollar. The EGP had already been allowed to fall by roughly 31% since March 2022. Other effects in the economy include a central bank increase in interest rates.

In 2016, a similar EGP currency devaluation resulted in NTG recording a year-end revenue devaluation of about \$1M and FX loss on translation of just under \$1M.

NTG Egypt's revenue has grown by more than 100% over 2021 amounts. Though no effects were recognized in Q3 2022, we anticipate the effects at year-end will be similar to those in 2016. Going forward, we also anticipate having to increase salaries to retain critical personnel.

In Egypt we historically have invoiced and paid expenses in the local currency to help mitigate risk. Management has decided to work on alternatives that include outsourcing internationally to increase our USD revenue.

### **Disclosure Controls and Procedures and Internal Controls over Financial Reporting**

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The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Corporation's disclosure controls and procedures as of June 30, 2022 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**

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As of November 28, 2022, 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.