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 11, 2024, for the three and nine months ended September 30, 2024, 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, 2023.

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 ("NTG", "we", "us", "our") is a Canadian publicly traded Corporation (TSXV: NCI; OTC: NYWKF) 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 digital transformation and other technology projects.

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 Events in Q3 2024

Announcements this quarter highlighted the signing of our largest-ever contract: a 3-year $53M contract to provide offshore digital transformation services out of our Egypt Offshore Centre for an existing client in the Middle East. We anticipate a 37% margin for this work and offshore resources have already begun work. We expect Purchase Orders ("POs") for this contract to contribute approximately $1M to our 2024 revenue.

An additional $19.5M in contracts and POs were signed with customers. Of this amount, $13.9M was for new work including work from new and existing customers, and $5.6M was for recurring revenue from existing customers.

In our continued efforts to increase and diversify our customer base across sectors, we have added new customers that have generated 21% of our revenue so far this year.

In July, we announced $5M in POs and contracts for renewal work:

- $4.8M to provide onsite and offshore professional services for 10 months for an existing customer in the Financial sector
- $136K across two POs to provide onsite and offshore professional services for one year for an existing customer in the Government sector
- $59K to provide NTGapps product enhancements for three months for an existing customer in the Telecom sector
- $5K to provide NTGapps product enhancements for an existing customer in the Telecom sector

In August, in addition to our largest-ever $53M contract, we also announced $8.5M in POs and contracts:

- $7.5M for new work on a three-year project to provide onsite resources to a new customer, a large system integrator (the gross margin for this project is estimated to be 41%) We have received the PO for the first year for $2.27M, and we will receive two other POs in one year and two years from now
- $690K across multiple POs to provide onsite and offshore resources for existing customers in the Government and Financial sectors
- $370K to provide customization of our NTGapps platform for an existing customer in the Telecom sector

In September, we announced $6M in POs and contracts:

- $5.3M for new work across multiple POs to provide offshore and onsite resources to an existing system integrator customer in the IT sector
- $525K for new work across multiple POs to provide onsite resources for existing customers in the IT sector
- $227K across multiple POs to provide customizations to our NTGapps platform for existing customers in the Telecom sector

Anticipating continued growth driven by our large contract wins, at the end of September we announced a closed a Brokered LIFE Offering, raising gross proceeds of $5,208,000 (net $4,789,329). We will use the net proceeds, as required, to fund the rapid expansion required to deliver our digital transformation solutions through our Egypt Offshore Centre, to expand our Saudi sales office, and for working capital and general corporate purposes. See note 20(a) for more information.

The funds from our accelerating growth have allowed us to reduce our long-term debt by $540,716 year-to-date, and to continue a positive working capital. Improvements on our balance sheet have led to a shareholder's equity of $9,231,362 as of September 30, 2024, compared to a deficit of $3,237,143 at December 31, 2023.

Outlook

We are excited to continue our track record of sustained growth in rapidly expanding markets with yet another quarter breaking revenue records, and with Q3 having NTG's highest-ever single-quarter revenue. Q3 was the eighth consecutive record-breaking quarter for revenue. Consolidated revenue for Q3 2024 was $14,671,878, up 109% from $7,003,553 for the same period in 2023. The trend in growth carries forward to our net income as well, with Q3 2024 having a net income of $2,053,955, up 303% from $509,880 for the same period in 2023.

Q3 2024 also saw NTG signing its largest-ever, $53M, three-year contract to provide offshore digital transformation services to an existing customer in the Middle East, showcasing our customers' eagerness to expand our engagements due to NTG's quality and competitive pricing.

The Kingdom of Saudi Arabia (KSA) continues to be the primary contributor to our revenue growth with $36,962,662 YTD; an increase of 150% over the same period last year. With its ambitious Vision 2030 economic development plan, KSA is prioritizing a shift to a more balanced, service-based economy and from its traditional oil & gas focus. As a result, large investments are being made into digital transformation, AI, infrastructure, tourism, entertainment, and creating a hub for financial activities in the region.

With so much demand for digital transformation services, many companies in KSA are turning to offshoring to fill the requirements for talent and get a competitive price. These Saudi companies find Egypt a desirable destination to outsource due to attractive labor costs, shared language, culture, and time-zone, preferring it over more traditional destinations like India.

In 2021, management began transforming the NTG Egypt subsidiary into a supplier of offshore services for international customers through our Egypt Offshore Centre, scaling back sales activities in Egypt except for supporting NTG Egypt's legacy customers. This strategy allows us to pay expenses in the devaluing Egyptian Pound, while collecting revenue in stronger currencies such as the Saudi Riyal, which is pegged to the US Dollar.

Since embracing our 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 and consistent margins for NTG. This is NTG's strategy to hedge the devaluation of the Egyptian Pound while continuing to take advantage of growth in the region.

With decades of experience in the Middle East, a large offshoring operation based out of Egypt, and a professional network including many top decision makers in Saudi companies, we expect the strong demand for our services and products to continue as KSA continues to rapidly build out technical infrastructure and software, choosing NTG as their preferred partner.

We also have a team of sales personnel dedicated to our flagship software product, NTGapps, targeting new customers in this currently booming KSA economy. We are targeting small and medium enterprises (SME) as well as our traditional enterprise clients across multiple verticals that now include the medical sectors and the food & beverage industry in addition to the telecom and financial sectors. For more information, visit www.ntgapps.com.

NTG's current work on hand is $83.5M. This includes unbilled POs and new POs/contracts received and previously announced as of September 30, 2024. This, along with our $38.9M in booked revenue in 2024 YTD puts NTG in a strong position to meet our recently increased 2024 revenue target of $55M.

As we work towards the end of 2024, we look forward to continued growth with a focus on 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 be approximately $55M.
   - 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 to the bottom line, with a targeted 2024 net income margin of 14%.
   - The increase in share price in 2024 has gone from $0.20 in January to $1.35 at the end of September, a 575% increase in 9 months.
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 Academies, School, and on-the-job training.

Summary of Quarterly Results

We are continuing to see increasing record-setting revenues. as existing and new customers continue to expand their engagements with us. In Q3 2024, NTG recorded the highest quarter revenue in its history with $14,671,878 in revenue which is a 109% increase over Q3 2023. Q3 2024 is the eighth consecutive record-setting quarter in terms of revenue. The trend in growth carries forward to our net income as well, with Q3 2024 having a net income of $2,053,955, up 303% from $509,880 for the same period in 2023.

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 eleven most recent quarters (in Canadian dollars).

2024	Revenue	Adjusted EBITDA*	Net Income	Profit per Share	Diluted Profit per Share	Total Assets
Quarter One	$ 11,755,520	$ 1,987,691	$ 2,377,866	$ 0.06	$ 0.05	$ 15,049,269
Quarter Two	$ 12,488,315	$ 2,816,491	$ 2,443,374	$ 0.059	$ 0.05	$ 18,805,235
Quarter Three	$ 14,671,878	$ 3,180,141	$ 2,053,955	$ 0.05	$ 0.05	$ 27,376,727
TOTAL	**$ 38,915,713**	**$ 7,984,323**	**$ 6,875,197**	**$ 0.16**	**$ 0.15**	**$ 27,376,727**

2023	Revenue	Adjusted EBITDA*	Net Income	Profit per Share	Diluted Profit per Share	Total Assets
Quarter One	$ 6,127,177	$ 1,195,818	$ 637,745	$ 0.004	$ 0.004	$ 9,826,280
Quarter Two	$ 6,373,261	$ 990,176	$ 698,261	$ 0.005	$ 0.004	$ 10,014,812
Quarter Three	$ 7,003,553	$ 1,324,263	$ 509,880	$ 0.003	$ 0.003	$ 11,332,113
Quarter Four	$ 8,224,124	$ (399,620)	$ 469,848	$ 0.000	$ 0.000	$ 12,392,158
TOTAL	**$ 27,728,117**	**$ 3,110,637**	**$ 2,315,735**	**$ 0.01**	**$ 0.01**	**$ 12,392,158**

2022	Revenue	Adjusted EBITDA*	Net Income	Profit per Share	Diluted Profit per Share	Total Assets
Quarter One	$ 4,320,604	$ 413,187	$ 554,342	$ 0.00	$ 0.00	$ 6,524,801
Quarter Two	$ 3,403,633	$ 828,932	$ 191,362	$ 0.00	$ 0.00	$ 6,398,118
Quarter Three	$ 4,185,208	$ 881,772	$ 434,489	$ 0.01	$ 0.01	$ 7,260,075
Quarter Four	$ 5,742,867	$ 521,659	$ (391,759)	$ 0.00	$ 0.00	$ 8,167,611
TOTAL	**$ 17,652,313**	**$ 2,645,550**	**$ 788,434**	**$ 0.01**	**$ 0.01**	**$ 8,167,611**

* Adjusted EBITDA is a non-IFRS (non-GAAP) measure. Management believes that Adjusted EBITDA is a useful supplemental measure – but not an alternative – to Net Income. Please see the Non-IFRS Measures section towards the end of this MD&A for details and reconciliation of non-IFRS measures to IFRS measures.

Quarterly Results of Operations

The hard work and dedication of NTG's entire team and the increasing confidence of our customers has resulted in the continued trend of record-setting growth in Q3 2024. Q3 2024 had the highest-ever quarterly revenue of $14,671,878, making eight consecutive record-setting quarters in terms of revenue.

NTG's business continues to expand rapidly, with significant growth in revenues in Saudi Arabia. As KSA continues to invest heavily on diversifying and digitizing its economy, we are able to secure more and more work by leveraging our extensive experience and network in the region and our base of lower-cost labour out of Egypt.

We continue to rely primarily on collections and short-term loans to finance operations. In addition, in September 2024, we closed a Brokered LIFE Offering, raising gross proceeds of $5,208,000 (net $4,789,329) to fund the rapid expansion of our Egypt Offshore Centre and Saudi sales office, and for working capital and general corporate purposes. See note 20(a) for more information.

To date, collections have been within acceptable limits and management continues to work to rapidly reduce legacy payables and decrease long-term debt.

Financial highlights for the three and nine months ended September 30, 2024:

Revenue

Consolidated revenue for the three months ended September 30, 2024 was $14,671,878 compared to $7,003,553 for the same period in 2023, a 109% increase, and is made up of professional services and product-related revenue. Year to date revenues are up by 100% from 2023 ($38,915,713 compared to $19,503,993).

Outsourced professional service revenue (97% of revenue YTD) continues to be an important strategic source of revenue for us, given its generally recurring nature. Offshoring now makes up 37% of NTG's consolidated revenue this year, while onsite outsourcing makes up 60%. The contribution of product-related revenue was 3% year to date. While the proportion of product-related revenue has steadily declined over recent quarters, the absolute contribution has remained consistent and steadily increased. The demand for our outsourcing services has increased at a much more rapid pace. We continue to work on marketing NTGapps, our low-code digital transformation product, in an effort to make product sales a larger part of NTG's revenue mix.

For the Egypt operating segment, Q3 2024 consolidated revenue was $264,3674 compared to $660,914 in Q3 2023. Year to date consolidated revenues were $717,516 compared to $2,031,495 in Q3 2023. NTG Egypt is now primarily the delivery centre for offshore services for our international customers.

For the Canadian operating segment, revenues for Q3 2024 increased 127% ($14,407,511 compared to Q3 2023: $6,342,639). Year-to-date revenues have more than doubled to $38,198,197 compared to 2023: $17,472,498). The increase in revenue in Canada is driven primarily by NTG's focus on growing along with the expansion in the KSA market, which is a rapidly growing market in need of technology and software to help meet their growth goals.

Contract Assets (formerly Unbilled Revenue)

Contract assets consists of revenue that has already been rendered as of the period end date and is recognized in accordance with NTG's revenue recognition policy. NTG derives revenue from fees charged to customers for licenses for software products and professional services including development, support, consulting, training, and more.

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. Based on NTG's contracts, the customer is invoiced upon the completion of defined milestones and/or the required customer acceptance, which is typically monthly. However, for some customers, contract milestones and customer acceptances fall mid-month, requiring unbilled revenue for work in the final month of the quarter to be recognized. This will typically be billed in the next month.

As of September 30, 2024, contract assets revenue was $2,069,372 compared to $198,729 at December 31, 2023. The large unbilled amount is primarily due to the previously described timing of milestones and customer acceptance requirements for major 2024 customer contracts in the Middle East. We expect a similar amount of revenue to remain unbilled each quarter for the foreseeable future due to the timing of these contracts, which are typically billed shortly after quarter end.

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 software 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, 2024 was $9,044,243 and $24,309,941 (Q3 2023: $3,920,316; YTD 2022: $11,738,575). Quarterly cost of sales has risen faster than revenue this quarter as we had additional travel and salary costs for new resources being relocated to customers for new contracts. YTD cost of sales are up proportionately to our increased revenue.

The gross margin for Q3 2024 was $5,627,635 or 38% compared to $3,083,237 or 44% for Q3 2023. For the nine months ended September 30, 2024 the gross margin was $14,605,772 or 38%, compared to $7,765,418 or 40% for the same period in 2023. As professional services become a larger proportion of our business compared to software licensing and solutions, we expect gross margins in the range of 35 – 40%. We continue to work in all regions to optimize the cost of sales for our revenue.

Operating Expenses

NTG's operating expenses for the three and nine months ended September 30, 2024 were $2,647,635 and $6,632,327 compared to $2,196,887 and $4,492,343 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, 2024 were $868,805 and $2,218,908 respectively compared to $681,104 and $1,355,439 in the previous year.

Selling and marketing costs have increased by 28% in the quarter and 64% YTD due to several factors related to the expansion and mobilizing of our sales team – especially in early 2024 – to take advantage of the rapid growth in the KSA market:

- Increase in salaries and commissions as a result of the 100% increased revenue.
- Increase in travel expenses as we increase the size and footprint of our sales and marketing teams in order to take advantage of the rapid growth in the KSA market.
- Increase in marketing and advertising as we attend more conferences and trade shows.

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, 2024 were $1,578,687 and $4,402,537 respectively compared to $1,077,870 and $2,899,722 in the previous year.

G&A costs have increased by 46% in the quarter and 52% YTD due to several factors related to expanding our Egypt Offshore Centre and Saudi sales office:

- Increase in salaries as we staff new offices and onboard/train personnel in preparation for deployment to customer sites and offshore positions.
- Increase in rent because of the new office space in Cairo, Egypt, serving as our Egypt Offshore Centre. In August 2024, we expanded to an additional floor to accommodate our large contracts announced in August. We also required more office space and accommodations in KSA for our growing team.
- Insurance, accounting, legal, and other office expenses have increased due to our large increase in revenue and projected revenue growth in 2024 and going forward.

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. For practical reasons, an average rate for the period is often used to translate income and expense items for quarterly reports.

For the three and nine months ended September 30, 2024, NTG recognized a foreign currency exchange loss of $200,143 and $10,882 respectively, compared to losses of $437,913 and $237,182 for the same periods in 2023. Additionally, the YTD foreign exchange gain on translation of our Egypt subsidiary was $353,947 compared to a loss of $728,430 for the same period in 2023.

Other Expenses

Research and Development

With the exception of NTGapps, our flagship product, research and development are 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 until the product reached a mature steady state in late 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. No capitalization was recognized for the three and nine-months ending September 30, 2024 (2023: $350,000 and $928,026).

The amortization costs for the three and nine-months ending September 30, 2024 were $132,184 and $396,550 (Q3 2023: $108,473 and $299,185).

Interest Expense

As of September 30, 2023, the interest expense on loans and liabilities for the three and nine months was $90,662 and $244,027 compared to $94,825 and $250,748 for the same periods in 2023. Interest is lower as we repay our long-term debts. See Note 19 for more information.

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.

In Q3 2024 we granted 1,125,000 (2023: 535,000) stock options, under the Corporation's incentive stock option plan, to employees as bonuses for all the hard work done to achieve our 100% revenue growth. This included 350,000 for directors and management, and 775,000 for employees and consultants. Because of the increased value of our shares, this has resulted in a significant expense in Q3 ($480,482 compared to $44,900 in Q3 2023), and will also hit Q4 2024 and Q1 2025 similarly due to vesting periods.

1,433,000 stock options were granted during the nine months ended September 30, 2024 (2023: 2,670,000). 2,500,000 options were exercised prior to consolidation (Q1 2024), and 901,200 options were exercised post-consolidation-to date (2023: 133,740). 3,422,000 options have vested and there are 3,987,000 issued. The difference of 565,000 will vest in the foreseeable future (within the next 12 months) and the expense will be charged in future quarters.

Though share based compensation has been a key part of our compensation plan for management and employees, due to the impact on expenses, we plan to scale back stock option grants at least until the second half of 2025.

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). As taxes are done after the audit each year, this figure is updated once a year.

Total Comprehensive Income after Taxes (Net Income)

For Q3 2024, the NTG recorded a net income of $2,053,955 compared to $509,880 for the same period in 2023, an increase of 303%. For the nine months ended September 30, 2024, NTG recorded a net income of $6,875,197 compared to $1,845,887 in 2023, an increase of 272%.

We continue to see strong returns on the operating investments made in Q1 and in 2023 such as more sales staff for KSA and more office space in the Egypt Offshore Center. Bottom-line total comprehensive income for the year to date has grown at an almost three-times faster rate than our revenue and at a much faster rate than our operating expenses, putting us in a strong position to achieve our target of a 14% bottom-line profit margin for 2024.

YTD in 2024, we have had quarterly net income margin of over 17%. The slightly lower 14% target for the year in 2024 is due to further investments made into our Egypt Offshore Centre and Saudi sales office in Q3 and investments expected to be made in Q4. We look forward to these investments, such as the increased office space announced in August 2024, showing future returns just as our investments from 2023 and Q1 2024 have, even though we expect reduced margins in the immediate term.

The Egypt operating segment recorded a consolidated net income of $112,477 and a net loss of $199,788 for the three and nine months ended September 30, 2024 (Q3 2023: net income $158,792; YTD 2023: $487,123). Egypt's contribution to NTG's revenue continues to decrease as it is now primarily the supplier of offshore services for our international customers. Egypt contributed 2% of revenue in Q3 2024 compared to 9% in Q3 2023, as it continues to be the delivery centre for our software development services and products.

We benefit on foreign exchange by collecting revenue in stronger currencies such as the Saudi Riyal, which is pegged to the US Dollar, while continuing to pay expenses in the devalued Egyptian Pound. This resulted in an exchange gain on translation of foreign operations of $353,947 in Q3 2024, compared to a loss of $728,430 in Q3 2023.

The Canadian operating segment recorded a net income of $1,941,482 and $7,074,985 for the three and nine months ended September 30, 2024 (Q3 2023: $351,088; YTD 2023: $1,358,764). The large increase is due to the Canadian operating segment being where all KSA revenue and operations are recognized and reported.

Assets and liabilities

As of September 30, 2024, NTG had $5,354,322 cash on hand (December 31, 2023: $358,088; Q3 2023: $430,088), bid/performance bonds of $195 (December 31, 2023: $293; Q3 2023: $11,546) and prepaid amounts of $304,148 (December 31, 2023: $129,842; Q3 2023: $222,220).

Differences in prepaid amounts are due to the timing of insurance and rental renewals. The difference in cash on hand is due to the Brokered LIFE Offering closed in September 2024, raising gross proceeds of $5,208,000 (net $4,789,329) to fund the rapid expansion of our Egypt Offshore Centre and Saudi sales office, and for working capital and general corporate purposes. See note 20(a) for more information.

This cash balance is substantially higher than any other time in the last 5 years. With this cash, NTG is ready to continue its profitable growth by making key investments into expanding its operations in KSA and Egypt.

Property, plant and equipment

Property and equipment of $1,355,768 as of September 30, 2024 (December 31, 2023: $814,911; Q3 2023: $640,267) consists mainly of computer equipment/laptops and office furniture with a useful life of 4-10 years.

NTG had additions of $696,473 during YTD 2024 (Q3 2023: $470,868) and depreciation of $52,027 (Q3 2023: $81,888). The significant additions were due to the purchase of office furniture and improvements in rented space in Egypt, as well as purchase of laptops and other equipment for new personnel in KSA and Egypt.

Intangible asset

Intangible assets relate to the upgrade of our internally developed NTGapps platform capitalized from 2020 until the product reached a mature steady state in late 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 traditional software development.

During the three- and nine-months ending September 30, 2024, no NTGapps development was capitalized (2023: $1,168,955 YTD). The amortization costs for the three- and nine-months ending September 30, 2024 were $132,184 and $396,550 respectively (2023: $108,473 and $299,185).

Liabilities

As of September 30, 2024, NTG had the following current and non-current liabilities:

- The outstanding indebtedness of $6,117,058 (2023: $6,512,880) held by a numbered Company is disclosed as a long-term debt on the Statements of Financial Position. In Q3 2024, an additional $150,000 was paid down towards this long-term debt. YTD, $450,000 has been repaid. See Note 19(a) and Note 26 for more information.
- Two bank facilities in NTG Egypt; an overdraft facility with QNB bank and a loan with CIB bank repayable in monthly installments. See Note 19 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.
- Loans payable of $477,924 (December 31, 2023: $493,767), provided by international investors. See Note 25 for more information. Subsequent to quarter end, in October 2024, all amounts under Loans Payable were repaid.

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 Q3 2024, 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, 2024, we had a positive working capital of $9,760,517, compared to a deficit of $2,092,663 at December 31, 2023. The improvement in working capital was primarily due to a $9.7 Million increase in receivables from growth in our primary market of KSA, and our LIFE offering raise that netted $4,789,329. See note 20(a) for more information.

Cash Flow Provided by Operations

The cash in-flow from operating activities for the three months ended September 30, 2024 was $598,249, compared to $565,342 for the same period in 2023. The cash flow for the nine months ended September 30, 2024 was an in-flow of $1,623,228 compared to $1,799,029 in 2023. The small increase in operating cash flow for Q3 is due to an increase in receivables that was partially offset by an increase in payables.

The slight increase in quarterly and slight decrease in YTD operating cash flow is less than would be expected given our 303% and 272% increase in quarterly and YTD net income respectively. The primary driver behind this is a large increase in trade and other receivables, which is to be expected with our rapid growth.

In Q2 2024, we experienced delayed collections due to the two major Middle Eastern holidays falling in the quarter. In Q3 2024, we saw collections resume and accelerate with receivables growing slower than they did in Q2, receivables aging return to more expected levels (see Note 27), and Q3 2024 having the highest cash collections in NTG history.

NTG collected $13.1M in receivables in Q3, and subsequent to quarter end, in October 2024, we collected an additional $7.2M in receivables for NTG's most monthly cash collections in its history. With these strong collections we look forward to improving cash flow in future quarters.

Cash Flow from Financing Activities

The cash flow from financing activities for the three months ended September 30, 2024, was an in-flow of $4,701,948 compared to an out-flow of $82,589 in Q3 2023. The cash flow for the nine months ended September 30, 2024, was an in-flow of $4,102,877 compared to an out-flow of $454,139 in 2023.

The significant in-flow was because of the LIFE offering raise we closed in September 2024, raising gross proceeds of $5,208,000 (net $4,789,329) to fund the rapid expansion of our Egypt Offshore Centre and Saudi sales office, and for working capital and general corporate purposes. See Note 20 for more information.

Cash Flow from Investing Activities

The cash flow for investing activities for the three months ended September 30, 2024, was an out-flow of $327,668 compared to $493,525 in Q3 2023. The cash flow for investing activities for the nine months ended September 30, 2024 was an out-flow of $729,872 compared to $1,639,822 for the same period in 2023. The reduction in out-flow was because we are no longer capitalizing our intangible asset, NTGapps, which reached maturity in late 2023.

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 $520 to $4,800 for the periods from 2022 to 2028. As of September 30, 2024, the total lease commitments are $665,255. See Note 17 and Note 28 for further explanation.

Debt and Credit Facilities

As of September 30, 2024, 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 September 30, 2024, 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% (approximately $195,956; Q3 2023: $307,967).
- a balance on the 5,750,000 EGP loan with CIB bank in Egypt, repayable in monthly principal payments of 239,583 EGP plus interest (10% plus bank corridor rate) and with a maturity date of December 1, 2025. The balance is currently approximately $100,603), (December 31, 2023: $245,496; Q3 2023: $163,740).

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 11, 2024.

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

Proposed Transactions

There are no Proposed Transactions.

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.

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 29, 2024 or in the Annual MD&A for the year ended December 31, 2023. These can be found on *SEDAR* at 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.

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 of the industry which could affect the customers' ability to satisfy their obligations.

As of September 30, 2024, NTG had receivables in the amount of $16,069,097 (December 31, 2023: $6,368,846) and Contract Assets (formerly unbilled revenue) of $2,069,372 (December 31, 2023: $198,729).

The credit quality of all of our accounts receivable 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 value of the Egyptian pound (EGP) has remained fairly steady in Q3 2024 at around 35.5 EGP to the Canadian dollar (*https://www.exchangerates.org.uk/EGP-CAD-spot-exchange-rates-history-2024.html*). We continue to mitigate much of the risk of doing business in the country as our expenses and the majority of our contracts with Egyptian customers are both in the local currency.

Additionally, we have transformed NTG Egypt into a supplier of offshore services for international customers, as well as in-house software development. As a result, contracts for offshoring services are billed in more stable currencies such as USD or Saudi Riyals (SAR), while expenses are paid in Egyptian Pounds, effectively hedging the devalued EGP.

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.

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 September 30, 2024, 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 November 11, 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.

Non-IFRS measures

As mentioned previously in this MD&A, NTG references Adjusted EBITDA, which is a non-IFRS (non-GAAP) measure and Adjusted EBITDA margin, which is a non-GAAP ratio. Adjusted EBITDA means adjusted earnings before interest, taxes, depreciation and amortization. EBITDA is equal to net income (loss) before income taxes plus finance costs plus depreciation. Adjusted EBITDA is equal to EBITDA before other discretionary expenses and expenses outside of the control of NTG. In NTG's case these are other income, share-based payments, and expenses related to foreign exchange. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenue.

Adjusted EBITDA and Adjusted EBITDA margin are not recognized measures under IFRS. Management believes that in addition to net income (loss), Adjusted EBITDA and Adjusted EBITDA margin are useful supplemental measures as they provide an indication of the results generated by the Company's primary business activities prior to consideration of how those activities are financed, amortized, or how the results are taxed and consolidated in various jurisdictions and currencies as well as the cash generated by the Company's primary business activities without consideration of the timing of the monetization of non-cash working capital items.

Readers should be cautioned, however, that Adjusted EBITDA and Adjusted EBITDA margin should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating Adjusted EBITDA and Adjusted EBITDA margin may differ from other organizations and, accordingly, Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to measures used by other organizations.

The non-IFRS measures referenced in this MD&A reconcile to the IFRS measures reported in the Consolidated Financial Statements as follows, unless reconciled elsewhere:

	For the three months ended		For the nine months ended	
Adjusted EBITDA	**September 30, 2024**	**September 30, 2023**	**September 30, 2024**	**September 30, 2023**
Net Income (Margin)	$ 2,053,955 (14%)	$ 509,880 (7%)	$ 6,875,195 (18%)	$ 1,845,886 (9%)
Add back:				
(Gain) loss on foreign exchange	200,143	437,913	10,882	237,182
Depreciation	66,224	26,838	155,616	81,888
Amortization	132,184	108,473	396,550	299,185
Interest, net	90,662	94,825	244,027	250,749
Foreign taxes	240,804	16	296,936	(11,563)
Other income	(52,848)	-	(213,921)	-
Share-based payment	480,482	44,900	572,985	78,500
Exchange (gain) loss arising on translation of foreign operations	(31,465)	101,418	(353,947)	728,430
Adjusted EBITDA (Margin)	**$ 3,180,141 (22%)**	**$ 1,324,263 (19%)**	**$ 7,984,323 (21%)**	**$ 3,510,257 (18%)**