



Simplifying Digital Transformation

NTG Clarity Networks Inc.
Quarterly Report

For the Three and Nine Months
Ending September 30, 2024 and 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.

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Our Commitment:





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 Zaghoul, 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:

Adjusted EBITDA	For the three months ended		For the nine months ended	
	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%)

NTG Clarity Networks Inc.

Unaudited Interim Consolidated Financial Statement

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended September 30, 2024.

November 11, 2024

MARKHAM, ONTARIO

NTG CLARITY NETWORKS INC.**Unaudited Interim Consolidated Statements of Financial Position**

(In Canadian Dollars)

	September 30, 2024	Dec. 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	\$ 5,354,322	\$ 358,088
Trade and other receivables (Note 11)	16,069,097	6,368,846
Prepaid expenses and deposits (Note 12)	304,148	129,842
Bid/performance bonds (Note 13)	195	293
Total current assets	\$ 21,727,762	\$ 6,857,069
Non-current assets		
Property, plant and equipment (Note 14)	\$ 1,355,768	\$ 814,911
Intangible assets (Note 15)	4,060,924	4,457,474
Investment in joint venture (Note 16)	175,535	142,136
Right-of-use of assets (Note 17)	56,738	120,568
Total non-current assets	5,648,965	5,535,089
Total Assets	\$ 27,376,727	\$ 12,392,158
LIABILITIES		
Current liabilities		
Current portion of leasehold liability (Note 17)	\$ 24,674	\$ 86,829
Accounts payable and accrued liabilities (Note 18)	11,185,209	7,947,645
Bank indebtedness (Note 19)	195,956	298,743
Current portion of long-term debt (Note 19)	80,482	122,748
Loans payable (Note 25)	477,924	493,767
Total current liabilities	\$ 11,964,245	\$ 8,949,732
Non-current liabilities		
Leasehold liability (Note 17)	43,941	43,941
Long-term debt (Note 19) (Note 26)	6,137,178	6,635,628
Total non-current liabilities	\$ 6,181,119	\$ 6,679,569
Total liabilities	\$ 18,145,364	\$ 15,629,301
SHAREHOLDER'S EQUITY		
Capital stock (Note 20)	18,333,658	14,736,986
Warrants (Note 20(c))	1,716,311	-
Contributed surplus (Note 21)	2,991,848	2,711,523
Foreign exchange account	137,214	(216,733)
Deficit	(13,947,669)	(20,468,919)
Total shareholders' equity	9,231,362	(3,237,143)
Total liabilities and shareholders' equity	\$ 27,376,727	\$ 12,392,158

Approved on behalf of the Board:

"Ashraf Zaghloul"

Director

"Kristine Lewis"

Director

See accompanying notes to consolidated financial statements.

NTG CLARITY NETWORKS INC.

Unaudited Interim Consolidated Statements of Changes in Equity

For the periods ended September 30, 2024 and 2023

(In Canadian Dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Foreign Exchange Reserve	Total Shareholders' Equity
Balance, January 1, 2023	\$ 13,606,986	\$ –	\$ 2,617,273	\$ (22,178,630)	\$ (822,757)	\$ (6,777,128)
Income from continuing operations	–	–	–	2,574,317	–	2,574,317
Other comprehensive deficit	–	–	–	–	(728,430)	(728,430)
Issuance of share capital (Note 20)	10,000	–	–	–	–	10,000
Share-based compensation (Note 20)	–	–	78,500	–	–	78,500
Reallocation of contributed surplus (Note 20) (Note 21)	10,000	–	(10,000)	–	–	–
Balance, Sept. 30, 2023	\$ 13,626,986	\$ –	\$ 2,685,773	\$ (19,604,313)	\$ (1,551,187)	\$ (4,842,741)
Income from continuing operations	–	–	–	(864,606)	–	(864,606)
Other comprehensive deficit	–	–	–	–	1,334,454	1,334,454
Issuance of share capital (Note 20)	1,110,000	–	–	–	–	1,110,000
Share-based compensation (Note 20)	–	–	25,750	–	–	25,750
Reallocation of contributed surplus (Note 20) (Note 21)	–	–	–	–	–	–
Balance, December 31, 2023	\$ 14,736,986	\$ –	\$ 2,711,523	\$ (20,468,919)	\$ (216,733)	\$ (3,237,143)
Income from continuing operations	–	–	–	6,521,250	–	6,521,250
Other comprehensive income	–	–	–	–	353,947	353,947
Issuance of share capital (Note 19c)	4,076,349	–	–	–	–	4,076,349
Share-based compensation (Note 20)	–	–	572,985	–	–	572,985
Warrants compensation (Note 20)	–	1,716,311	–	–	–	1,716,311
Share issue expense (Note xx)	(772,337)	–	–	–	–	(772,337)
Reallocation of contributed surplus (Note 20) (Note 21)	292,660	–	(292,660)	–	–	–
Balance, Sept. 30, 2024	\$ 18,333,658	\$ 1,716,311	\$ 2,991,848	\$ (13,947,669)	\$ 137,214	\$ 9,231,362

NTG CLARITY NETWORKS INC.**Unaudited Interim Consolidated Statements of Profit and Loss and Other Comprehensive Income**

(In Canadian Dollars)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2024	2023	2024	2023
REVENUE (Note 7)	\$ 14,671,878	\$ 7,003,553	\$ 38,915,713	\$ 19,503,993
COST OF SALES (Note 23)	9,044,243	3,920,316	24,309,941	11,738,575
GROSS PROFIT	5,627,635	3,083,237	14,605,772	7,765,418
EXPENSES				
Selling and marketing (Note 24)	868,805	681,104	2,218,908	1,355,439
General and administrative (Note 24)	1,578,687	1,077,870	4,402,537	2,899,722
(Gain) loss on foreign exchange	200,143	437,913	10,882	237,182
Total expenses	2,647,635	2,196,887	6,632,328	4,492,343
INCOME FROM OPERATIONS	\$ 2,980,000	\$ 886,350	\$ 7,973,444	\$ 3,273,076
OTHER EXPENSES				
Depreciation, (Note 14) (Note 16)	66,224	26,838	155,616	81,888
Amortization, intangibles (Note 15)	132,184	108,473	396,550	299,185
Interest, net	90,662	94,825	244,027	250,748
Foreign taxes	240,804	16	296,936	(11,563)
Other income	(52,848)	–	(213,921)	–
Share-based payment (Note 20)	480,482	44,900	572,985	78,500
Total other expenses	957,508	275,052	1,452,193	698,759
INCOME FROM CONTINUING OPERATIONS	\$ 2,022,490	\$ 611,298	\$ 6,521,250	\$ 2,574,317
Other comprehensive income				
Exchange gain (loss) arising on translation of foreign operations	31,465	(101,418)	353,947	(728,430)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ 2,053,955	\$ 509,880	\$ 6,875,197	\$ 1,845,887
Earnings per share (Note 9)				
Basic	\$ 0.05	\$ 0.003	\$ 0.16	\$ 0.01
Diluted	\$ 0.05	\$ 0.003	\$ 0.15	\$ 0.01
Weighted average number of shares outstanding				
Basic	42,155,658	148,172,355	42,155,658	148,172,355
Diluted	45,190,533	167,735,576	45,190,533	167,735,576

See accompanying notes to consolidated financial statements.

NTG CLARITY NETWORKS INC.**Unaudited Interim Consolidated Statements of Cash Flows**

(In Canadian Dollars)

	Three months Ended Sept 30,		Nine months Ended Sept 30,	
	2024	2023	2024	2023
OPERATION ACTIVITIES				
Net income	\$ 2,053,955	\$ 509,880	\$ 6,875,197	\$ 1,845,887
Items not affecting cash:				
Depreciation (Note 14)	66,224	26,838	155,616	81,888
Amortization (Note 15)	132,184	108,473	396,550	299,185
Interest expense	90,662	94,825	244,027	250,748
Share-based payment	480,482	44,900	572,985	78,500
	2,823,508	784,916	8,244,375	2,556,208
Net change in non-cash working capital items:				
(Increase) decrease in accounts receivable	(3,652,067)	(1,013,612)	(9,700,251)	(2,071,101)
Decrease in bid/performance bonds	–	(281)	97	5,885
Decrease (increase) in prepaid expenses and other assets	161,087	44,034	(174,306)	(135,469)
Increase (decrease) in accounts payable and accrued liabilities	1,261,505	1,058,018	3,237,564	1,821,176
(Decrease) increase in current leasehold liability	4,216	–	15,749	(39,004)
TOTAL CASH IN-FLOW FROM OPERATION ACTIVITIES	\$ 598,249	\$ 873,075	\$ 1,623,228	\$ 2,137,695
FINANCING				
Principle payment of lease (Note 16)	(70,251)		(77,904)	
(Decrease) long-term debt (Note 18)	(173,098)	(25,979)	(540,716)	(152,767)
Interest paid	(90,662)	(94,826)	(244,027)	(250,748)
(Decrease) in bank indebtedness (Note 18)	(3,625)	7,485	(102,787)	(81,354)
Issuance of common shares (Note 20)	202,800	10,000	350,300	10,000
LIFE offering raise (Note 20(a))	4,733,854	–	4,733,854	–
Advances from related parties (Note 26)	–	20,731	–	20,731
(Decrease) in loans payable	102,930	(307,733)	(15,843)	(338,667)
TOTAL CASH (OUT-FLOW) IN-FLOW FROM FINANCING ACTIVITIES	\$ 4,701,948	\$ (359,095)	\$ 4,102,877	\$ (813,536)
INVESTING				
Purchase of property, plant and equipment (Note 14)	(306,964)	(49,263)	(696,473)	(470,868)
(Additions) intangible assets (Note 15)	–	(444,262)	–	(1,168,955)
(Investments) in joint venture (Note 16)	(20,704)	–	(33,399)	–
TOTAL CASH (OUT-FLOW) FROM INVESTING	\$ (327,668)	\$ (493,525)	\$ (729,872)	\$ (1,639,822)
NET INCREASE (DECREASE) IN CASH	\$ 4,972,529	\$ (10,771)	\$ 4,996,234	\$ (294,932)
Cash balance, beginning of period	\$ 381,794	\$ 440,859	\$ 358,088	\$ 725,020
Cash balance, end of period	\$ 5,354,322	\$ 430,088	\$ 5,354,322	\$ 430,088

See accompanying notes to consolidated financial statements.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

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 of September 30, 2024, the Corporation had a positive working capital of \$9,760,517 (December 31, 2023: deficit of \$2,092,663), an YTD income from operations of \$7,973,444 (December 31, 2023: \$2,603,634) and accumulated losses since inception of \$13,947,669 (December 31, 2023: \$20,468,919).

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 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.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

3. BASIS OF PRESENTATION (cont'd)

Management of the Corporation prepared the consolidated financial statements of the Corporation during July and August 2024, and the Board of Directors approved them. The Audit Committee of the Corporation discussed the unaudited consolidated financial statements at its meeting on November 11, 2024, and the Board of Directors approved them at its meeting on November 11, 2024.

The unaudited interim consolidated financial statements of the Corporation are drawn up in Canadian dollars. Amounts are stated in and recorded to the nearest 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 unaudited interim 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 unaudited interim consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as of September 30, 2024.

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 September 30, 2024 is its 95% owned subsidiary, NTG Egypt Advanced Software, and its wholly owned U.S. subsidiary, NTG Clarity Networks US Inc.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency translation

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.

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:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency translation (cont'd)

Translation to the presentation currency (cont'd)

- 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency translation (cont'd)

Translation of a foreign operation (cont'd)

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:

1. 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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency translation (cont'd)

Disposal or partial disposal of a foreign operation (cont'd)

2. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue Recognition (cont'd)

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.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(c) Revenue Recognition (cont'd)**

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 29) 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.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(d) Taxes (cont'd)****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.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(d) Taxes (cont'd)****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 measurement

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.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Financial instruments - initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Financial instruments - initial recognition and subsequent measurement (cont'd)

(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.

(iii) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 periods ending September 30, 2024 and September 30, 2023.

(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 are 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 is 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.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Property, plant and equipment (cont'd)

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:

Computer software	Straight-line 1-2 years
Computer equipment	Straight-line 2-4 years
Office equipment	Straight-line 4-10 years
Leasehold improvements	Straight-line over the lesser of the expected term of the lease or the useful life of the asset

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

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Leases (cont'd)

Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the amount of the initial measurement of the related lease liability, plus any lease payments made at or before the commencement date and any 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 periods ending September 30, 2024 and September 30, 2023, 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Product development costs (cont'd)

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 periods ending September 30, 2024 and September 30, 2023.

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.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Impairment of non-financial assets (cont'd)

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.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Provisions (cont'd)

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 directors 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.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Investment in associates and joint ventures (cont'd)

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 Corporation'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 non-controlling 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 corporation. 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.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS (cont'd)

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.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS (cont'd)

Fair value of financial instruments (cont'd)

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 Company has the intention and ability to use the asset, and that the asset will generate future benefits to the Company. 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 November 11, 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.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

7. OPERATING SEGMENT INFORMATION (cont'd)**Statement of profit and loss for the three months ending September 30, 2024**

For the three months ending September 30, 2024	NTG Canada	NTG Egypt	Consolidated Total
Revenue	\$ 14,407,511	\$ 264,367	\$ 14,671,878
Cost of sales	9,352,634	(308,391)	9,044,243
Gross margin	\$ 5,054,877	\$ 572,758	\$ 5,627,635
Expenses	(2,885,636)	(430,436)	(3,316,075)
Depreciation / Amortization	(162,807)	(35,600)	(198,408)
Interest	(64,952)	(25,710)	(90,662)
Exchange gain (loss) on translation	–	31,465	31,465
Total comprehensive income (loss) for the period	\$ 1,941,482	\$ 112,477	\$ 2,053,955

Statement of profit and loss for the three months ending September 30, 2023

For the three months ending September 30, 2023	NTG Canada	NTG Egypt	Consolidated Total
Revenue	\$ 6,342,639	\$ 660,914	\$ 7,003,553
Cost of sales	3,631,641	288,675	3,920,316
Gross margin	\$ 2,710,998	\$ 372,239	\$ 3,083,237
Expenses	(2,183,813)	(57,990)	(2,241,803)
Depreciation / Amortization	(112,551)	(22,761)	(135,311)
Interest	(63,547)	(31,278)	(94,825)
Exchange gain (loss) on translation	–	(101,418)	(101,418)
Total comprehensive income (loss) for the period	\$ 351,088	\$ 158,792	\$ 509,880

Statement of profit and loss for the nine months ending September 30, 2024

For the nine months ending September 30, 2024	NTG Canada	NTG Egypt	Consolidated Total
Revenue	\$ 38,198,197	\$ 717,516	\$ 38,915,713
Cost of sales	24,008,146	301,796	24,309,941
Gross margin	\$ 14,190,051	\$ 415,720	\$ 14,605,772
Expenses	(6,469,302)	(111,132)	(6,580,435)
Depreciation / Amortization	(481,385)	(70,781)	(552,166)
Interest	(164,379)	(79,648)	(244,027)
Exchange (loss) on translation	–	(353,947)	(353,947)
Total comprehensive income (loss) for the period	\$ 7,074,985	\$ (199,788)	\$ 6,875,197

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

7. OPERATING SEGMENT INFORMATION (cont'd)**Statement of profit and loss for the nine months ending September 30, 2023**

For the nine months ending September 30, 2023	NTG Canada	NTG Egypt	Consolidated Total
Revenue	\$ 17,472,498	\$ 2,031,495	\$ 19,503,993
Cost of sales	11,300,367	438,208	11,738,575
Gross margin	\$ 6,172,131	\$ 1,593,287	\$ 7,765,418
Expenses	(4,310,015)	(249,265)	(4,559,280)
Depreciation / Amortization	(340,574)	(40,499)	(381,073)
Interest	(162,778)	(87,970)	(250,748)
Exchange (loss) on translation	–	(728,430)	(728,430)
Total comprehensive income (loss) for the period	\$ 1,358,764	\$ 487,123	\$ 1,845,887

Long term asset additions for the three months ended September 30, 2024

	NTG Canada	NTG Egypt	Consolidated Total
Asset additions for the three months ending September 30, 2024			
Property, plant and equipment	\$ 65,384	\$ 443,339	\$ 508,723
Intangible assets	–	–	–
	\$ 65,384	\$ 443,339	\$ 508,723

Long term asset additions for the three months ended September 30, 2023

	NTG Canada	NTG Egypt	Consolidated Total
Asset additions for the three months ending September 30, 2023			
Property, plant and equipment	\$ 838	\$ 48,425	\$ 49,263
Intangible assets	444,262	–	444,262
	\$ 445,100	\$ 48,425	\$ 493,525

Long term assets for the nine months ended September 30, 2024

	NTG Canada	NTG Egypt	Consolidated Total
Assets as at September 30, 2024			
Property, plant and equipment	\$ 156,993	\$ 1,198,775	\$ 1,355,768
Intangible assets	4,060,924	–	4,060,924
	\$ 4,217,917	\$ 1,198,775	\$ 5,416,692

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

7. OPERATING SEGMENT INFORMATION (cont'd)**Long term assets for the nine months ended September 30, 2023**

	NTG Canada	NTG Egypt	Consolidated Total
Assets as at September 30, 2023			
Property, plant and equipment	\$ 8,850	\$ 462,019	\$ 470,868
Intangible assets	1,168,955	–	1,168,955
	\$ 1,177,805	\$ 462,019	\$ 1,639,823

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

Sales by geographic location for the three months ending Sept. 30,	2024	2023
North America	\$ –	\$ 28,195
Iraq	126,120	270,071
Saudi Arabia	14,248,378	6,061,311
Egypt	264,367	660,915
Oman	33,013	(16,939)
	\$ 14,671,878	\$ 7,003,553

Sales by geographic location for the nine months ending Sept. 30,	2024	2023
North America	\$ 216,284	\$ 217,101
Iraq	615,557	1,375,362
Saudi Arabia	36,962,662	15,304,687
Egypt	717,516	2,031,495
Kuwait	–	97,254
Oman	403,694	478,095
	\$ 38,915,713	\$ 19,503,993

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 Q3 2024, 21% (Q3 2023: 25%) of the Corporation's revenue was derived from one customer.

Receivables by segment	September 30, 2024	December 31, 2023
Canada	\$ 15,534,223	\$ 5,725,885
Egypt	534,874	642,961
	\$ 16,069,097	\$ 6,368,846

As at September 30, 2024, approximately 62% (December 31, 2023: 37%; Q3 2023: 54%) of the Corporation's trade accounts receivable balance was from three customers.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

7. OPERATING SEGMENT INFORMATION (cont'd)

Payables by segment for the period ending	September 30, 2024	December 31, 2023
Canada	\$ 9,211,090	\$ 7,118,876
Egypt	1,974,119	828,769
	\$ 11,185,209	\$ 7,947,645

Bank indebtedness by segment for the period ending	September 30, 2024	December 31, 2023
Canada	\$ –	\$ –
Egypt	195,956	298,743
	\$ 195,956	\$ 298,743

8. INCOME TAXES

As of December 31, 2023, 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 September 30, 2024

Options – Share-based payments (Note a) 3,987,000

Note a: of which 3,412,000 had vested as of September 30, 2024.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

9. EARNINGS PER SHARE (cont'd)

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

September 30,	2024	2023
Net earnings (loss) attributable to ordinary equity holders of the parent for basic earnings	\$ 6,875,197	\$ 1,845,887
Net earnings attributable to ordinary equity holders of the parent adjusted for the effect of dilution	\$ 6,875,197	\$ 1,845,887
September 30,	2024	2023
Weighted average number of common shares outstanding for basic earnings per share	42,155,658	148,172,355
Weighted average number with the effect of dilution on common shares	45,190,533	167,735,576
Income per share (basic)	\$ 0.16	\$ 0.00
Income per share (diluted)	\$ 0.15	\$ 0.00

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at banks and on hand in the amount of \$5,354,322 as at September 30, 2024 (December 31, 2023: \$358,088; September 30, 2023: \$430,088).

11. TRADE AND OTHER RECEIVABLES

	September 30, 2024	December 31, 2023
Trade receivables	\$ 13,630,680	\$ 5,847,655
Less: allowance for expected credit losses	-	-
Net Trade receivables	13,630,680	5,847,655
Contract assets	2,069,372	198,729
Less: Impaired	-	-
Contract assets after impairment	2,069,372	198,729
Total trade receivables and contract assets	15,700,052	6,046,384
Receivables from tax authorities	198,546	275,066
Other receivables	170,499	47,396
Total trade and other receivables	\$ 16,069,097	\$ 6,368,846

Trade receivables are non-interest bearing and are generally on 30-180 day terms. At September 30, 2024, the Corporation had no provision for debt (December 31, 2023: \$Nil), and no impairment of trades receivables or unbilled revenues (December 31, 2023: \$66,606).

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

11. TRADE AND OTHER RECEIVABLES (cont'd)

Neither past due nor impaired	September 30, 2024	December 31, 2023
Current	\$ 10,911,348	\$ 2,983,147
30 – 60 days	497,746	2,111,346
61 – 90 days	1,066,709	203,030
91 – 180 days	1,038,677	337,372
Past due but not impaired		
Greater than 180 days	116,200	212,760
	\$ 13,630,680	\$ 5,847,655

Contract assets consists of service revenue that has already been rendered as at September 30, 2024 and recognized in accordance with the Corporation's revenue recognition policy from Note 3.

12. PREPAID EXPENSES AND DEPOSITS

	September 30, 2024	December 31, 2023
Prepaid rent	\$ 70,701	\$ 87,090
Prepaid insurance	194,168	35,773
Other prepaids	39,279	6,979
	\$ 304,148	\$ 129,842

13. BID/PERFORMANCE AND BID BONDS

At September 30, 2024, \$195 in performance bonds (December 31, 2023: \$293) 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.

14. PROPERTY, PLANT AND EQUIPMENT

The amount of borrowing costs capitalized during the period ending September 30, 2024 was \$Nil (September and December 31, 2023: \$Nil).

	Furniture & Equipment	Computer Equipment	Computer Software	Land & Buildings	Total
Cost:					
At January 31, 2023	\$617,510	\$1,020,911	\$400,996	–	\$2,039,417
Additions	38,709	103,725	–	146,880	289,314
At September 30, 2023	\$656,219	\$1,124,636	\$400,996	\$146,880	\$2,328,731
Additions	38,708	89,235	–	271,892	399,835
Disposals	(22,146)	–	–	–	(22,146)
At December 31, 2023	\$672,781	\$1,213,871	\$400,996	\$418,772	\$2,706,420
Additions	52,949	300,137	–	343,387	696,473

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

	Furniture & Equipment	Computer Equipment	Computer Software	Land & Buildings	Total
Disposals	–	–	–	–	–
At September 30, 2024	\$725,730	\$1,514,008	\$400,996	\$762,159	\$3,402,893
Depreciation and impairment:					
At January 30, 2023	\$504,561	\$956,794	\$356,330	\$–	\$1,817,685
Depreciation for the period	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
Depreciation for the period	10,869	59,385	–	85,362	155,616
Disposals	–	–	–	–	–
At September 30, 2024	\$525,001	\$1,069,519	\$356,330	\$96,275	\$2,047,125
Net book value:					
At September 30, 2024	\$200,729	\$444,489	\$44,666	\$665,884	\$1,355,768
At December 31, 2023	\$158,649	\$203,737	\$44,666	\$407,859	\$814,911
At September 30, 2023	\$457,865	\$137,737	\$44,666	\$–	\$640,267

15. INTANGIBLE ASSETS

Intangible assets related to the upgrade of the internally developed the NTGapps 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.

The development costs are determined to have a useful life of 10 years are amortized on a straight-line basis. As of September 30, 2024, \$Nil was capitalized (Q3 2023: \$1,168,955) and \$396,550 was amortized (Q3 2023: \$299,185).

	NTGapps Development Costs
Cost:	
At January 1, 2023	\$ 3,614,239
Additions	1,168,955
Disposals	–
At September 30, 2023	\$ 4,783,194
Additions	504,136
Disposals	–
At December 31, 2023	\$ 5,287,330
Additions	–
Disposals	–
At September 30, 2024	\$ 5,287,330
Accumulated amortization and impairment:	
At January 1, 2023	\$ 408,638

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

	NTGapps Development Costs
Amortization charge for the period	299,185
Impairment	–
Disposals	–
At September 30, 2023	\$ 707,823
Amortization charge for the period	122,033
Impairment	–
Disposals	–
At December 31, 2023	\$ 829,856
Amortization charge for the period	396,550
Impairment	–
Disposals	–
At September 30, 2024	\$ 1,226,406
Net book value:	
At September 30, 2024	\$ 4,060,924
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's interest in the joint venture is accounted for using the equity method in the consolidated financial statements at \$175,535. The aggregate of the share of profit or loss of an associate and a joint venture of \$138,579 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, 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
Depreciation	\$ (63,830)
Right-of-use Asset as at September 30, 2024	\$ 56,738

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 as of December 31, 2023.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

17. RIGHT OF USE ASSET (cont'd)

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 judgement.

Lease liability

The lease liability as at September 30, 2024 is as follows:

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
Add: interest accretion during the reporting period		15,749
Subtract: lease payments during the reporting period		(77,904)
Lease Liability as at September 30, 2024	\$	68,615
Current portion		68,615
Long-term portion		-

The undiscounted future lease payments are as follows:

2024	\$	27,697
2025		46,161
	\$	73,858

18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024	December 31, 2023
Trade payables	\$ 4,253,518	\$ 3,991,557
Accrued liabilities	1,176,709	196,845
Related parties payable	1,358,793	1,122,290
Payroll liability	1,242,636	1,197,000
Payroll taxes payable	873,619	18,184
Sales taxes payable	1,272,149	930,137
Other accounts payable	1,007,785	491,632
	\$ 11,185,209	\$ 7,947,645

(i) Trade payables and accrued liabilities are non-interest bearing.

(ii) As of September 30, 2024, key management (Ashraf Zaghloul and Kristine Lewis) is owed a total of \$ 1,358,793 (December 31, 2023: \$1,088,438) end of service payroll liability.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

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19. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES**(a) Other financial liabilities****Long-term debt**

	September 30, 2024	December 31, 2023
Long-term debt (i)	\$ 6,117,058	\$ 6,512,880
Long-term portion of CIB loan (iii)	20,120	123,881
	\$ 6,137,178	\$ 6,636,761

- (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, however in Q3 2024, a payment was made against the outstanding balance.

	September 30, 2024	December 31, 2023
Bank indebtedness (ii)		
Bank indebtedness	\$ 195,956	\$ 298,743
Long-term debt (iii)		
Long-term debt Payable (CIB Loan)	\$ 100,603	\$ 245,496
- Current portion	\$ 80,482	\$ 122,748
- Long term	\$ 20,121	\$ 122,748

As of September 30, 2024, NTG Egypt Advanced Software has the following credit facilities:

- (ii) an overdraft facility with QNB bank in Egypt in the amount of 7,000,000 Egyptian pounds with an interest rate of 18%. (approximately \$195,956; Q3 2023: \$307,957).
- (iii) a loan with CIB bank in Egypt in the amount of 5,750,000 Egyptian pounds at interest rate of 10% per annum plus bank corridor rate, repayable in monthly principal payments of 239,584 Egyptian pounds plus interest. The loan matures on December 1, 2025. The loan amount outstanding at September 30, 2024 was 3,593,753 Egyptian pounds (approximately \$100,603), (December 31, 2023: \$245,496; Q3 2023: \$163,740).

(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.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

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19. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)**(b) Fair values (cont'd)**

	Carrying Amount		Fair Value	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Financial assets				
Cash and cash equivalents	\$ 5,354,322	\$ 358,088	\$ 5,354,322	\$ 358,088
Trade and accounts receivable	13,432,132	6,093,780	13,432,132	6,093,780
Bid/performance bonds	195	293	195	293
Total Financial Assets	\$ 18,786,649	\$6,452,161	\$ 18,786,649	\$6,452,161

	Carrying Amount		Fair Value	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Financial liabilities				
Accounts payable and accrued liabilities	\$ 9,039,441	\$ 6,999,324	\$ 9,039,441	\$ 6,999,324
Bank indebtedness	195,956	298,743	195,956	298,743
Long-term debt (current)	80,482	122,748	80,482	122,748
Long-term debt	6,137,178	6,635,628	6,137,178	6,635,628
Loans payable	477,924	493,767	477,924	493,767
Total Financial Liabilities	\$ 15,930,981	\$14,550,210	\$ 15,930,981	\$14,550,210

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 September 30, 2024, 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:

NTG CLARITY NETWORKS INC.

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September 30, 2024 and 2023

19. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

Fair value hierarchy

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.
- **Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- **Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value	September 30, 2024	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 5,354,322	\$ 5,354,322	\$ –	\$ –
Investment in joint venture	\$ –	\$ –	\$ –	\$ 175,535
Assets measured at fair value	\$ 5,354,322	\$ 5,354,322	\$ –	\$ 175,535
No liabilities were measured at fair value	\$ –	\$ –	\$ –	\$ –

During the reporting period ending September 30, 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

20. EQUITY INSTRUMENTS

(a) Common shares

As at September 30, 2024, 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.

Brokered LIFE Offering – Financing

On September 27, 2024, the Corporation closed its brokered LIFE Offering. NTG issued an aggregate of 3,720,000 units at a price of C\$1.40 per Unit, for aggregate gross proceeds of \$5,208,000 CAD. Each Unit consists of one Common Share and one-half (1/2) of one Common Share purchase warrant of the Corporation. Each Warrant is exercisable to acquire one Common Share of the Corporation at a price of C\$2.00 per Common Share for a period of 24 months after closing.

The Units were issued pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 – Prospectus Exemptions. The securities offered under the listed issuer financing exemption are not subject to a hold period, in accordance with applicable Canadian securities laws.

The Corporation intends to use the net proceeds of the Offering to support the expansion and delivery of digital transformation solutions through the Corporation's Egypt Offshore Centre and Saudi sales office and for working capital and general corporate purposes.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

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20. EQUITY INSTRUMENTS (cont'd)**(a) Common shares (cont'd)**

In connection with the Offering and as consideration for their services, the Corporation paid to the Agent a cash commission of up to 6.0% of the aggregate gross proceeds of the Offering and issued to the Agent non-transferable warrants of the Company (the "Broker Warrants") in an amount equal to 6.0% of the number of Units issued under the Offering. Each Broker Warrant entitles the holder to acquire one Common Share at a price of C\$1.40, subject to adjustment in certain events, at any time on or before September 27, 2026.

Share Consolidation

On March 18, 2024, the Corporation closed the 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. The Shares began trading on a consolidated basis on the TSX Venture Exchange on March 20, 2024.

As a result of the Consolidation, the number of issued and outstanding shares were reduced from 187,672,355 shares to 37,534,458 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.

As of September 30, 2024, changes in the issued common shares of the Corporation are as follows:

	Common Shares	Amount
Balance, January 1, 2023	147,972,355	\$ 13,606,986
Shares issued on exercise of share options (i)	200,000	10,000
Allocation of contributed surplus (i)	–	10,000
Balance, September 30, 2023	148,172,355	\$ 13,626,986
Shares issued on exercise of share options	–	–
Allocation of contributed surplus	–	–
Shares issued for private placement (ii)	37,000,000	1,110,000
Balance, December 31, 2023	185,172,355	\$ 14,736,986
Shares issued on exercise of share options (iii)	2,500,000	125,000
Allocation of contributed surplus (iii)	–	115,000
Share consolidation of 5:1 (iv)	(150,137,897)	–
Shares issued on exercise of share options (v)	901,200	225,300
Allocation of contributed surplus (v)	–	177,660
Shares issued for LIFE offering (vi)	3,720,000	2,953,712
Balance, September 30, 2024	42,155,658	\$ 18,333,658

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

20. EQUITY INSTRUMENTS (cont'd)

(a) Common shares (cont'd)

- (i) In 2023, a total of 200,000 options were exercised, with a total value of \$10,000. This resulted in a re-allocation of contributed surplus to capital stock in the amount of \$10,000.
- (ii) On December 15, 2023, the Corporation closed a non-brokered Private Placement of 37,000,000 common shares of the Company at a price of \$0.03 per Common Share for gross proceeds of \$1,110,000. The common shares issued were subject to a 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.
- (iii) In January 2024, a total of 2,500,000 options were exercised, with a total value of \$125,000. This resulted in a re-allocation of contributed surplus to capital stock in the amount of \$115,000.
- (iv) On March 18, 2024, the Corporation closed consolidation of its outstanding common shares on the basis of one (1) post-consolidation share for every five (5) pre-consolidation shares. As a result of the consolidation, the number of issued and outstanding shares were reduced from 187,672,355 shares to 37,534,458 shares, subject to treatment of fractional shares.
- (v) From June to September 2024, a total of 901,200 options were exercised (post consolidation), with a total value of \$225,300. This resulted in a re-allocation of contributed surplus to capital stock in the amount of \$177,660.
- (vi) On September 27, 2024, the Corporation closed a LIFE offering for 3,720,000 common shares, with a total value of \$3,726,049. Share issue expenses were \$772,337.

(b) Share-based payments

The Corporation has a formal stock option plan allowing the Corporation 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 five years subsequent to the date of grant and can vest over 6 months to two years. No options were granted to non-employees/consultants during 2024 and 2023. Details of stock options are as follows:

	Options	Weighted average exercise price
Balance, January 1, 2023	17,715,000	\$ 0.05
Granted	3,230,000	0.05
Exercised	(200,000)	0.05
Expired	(939,000)	0.08
Balance, December 31, 2023	19,806,000	\$ 0.05
Granted	350,000	\$ 0.05

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

	Options	Weighted average exercise price
Exercised	(2,500,000)	0.05
Expired	–	–
Balance, March 20, 2024	17,656,000	\$ 0.05
Adjustment due to Share Consolidation (5:1)	(14,124,800)	–
Balance, March 31, 2024	3,531,200	\$ 0.25
Granted	1,433,000	0.71
Exercised	(901,200)	0.25
Expired	(76,000)	0.25
Balance, September 30, 2024	3,987,000	\$ 0.45

The stock options expire at various dates between December 2025 and July 2029. The weighted average expected contractual lives of outstanding and exercisable options are as follows:

Exercise Price	Options Outstanding		Options Exercisable	
	Number of outstanding Sept. 30/24	Expected life of option (years)	Number of outstanding Sept. 30/24	Expected life of option (years)
\$ 0.25	2,554,000	2.15	2,554,000	2.15
\$ 0.30	20,000	4.59	20,000	4.59
\$ 0.32	158,000	4.61	158,000	4.61
\$ 0.46	30,000	4.65	30,000	4.65
\$ 0.50	100,000	2.54	100,000	2.54
\$ 0.66	485,000	4.80	0	0
\$ 0.90	400,000	4.83	400,000	4.83
\$ 1.00	60,000	2.81	60,000	2.81
\$ 1.20	60,000	2.81	60,000	2.81
\$ 1.40	40,000	3.00	40,000	3.00
\$ 1.75	20,000	3.09	0	0
\$ 2.00	40,000	3.34	0	0
\$ 2.25	20,000	3.59	0	0

Activity related to share based compensation is as follows:

For the three months ended September 30, 2024 the Corporation recorded \$480,482 (Q3 2023: \$44,900) 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 period.

For the nine months ended September 30, 2024 the Corporation recorded \$572,985 (YTD 2023: \$78,500) as contributed surplus and compensation expense, which is measured as above. The weighted average fair value of options granted during 2024 is \$0.40 (YTD 2023: \$0.04, revalued: \$0.20).

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

20. EQUITY INSTRUMENTS (cont'd)**(b) Share-based payments (cont'd)**

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:

September 30	2024	2023	2023 Values Adjusted for Consolidation
Stock price	\$1.35	\$0.04	\$0.20
Risk-free interest rate	4.2%	5.05%	5.05%
Expected life (years)	3.6 years	5 years	5 years
Expected dividend yield	0%	0%	0%
Expected volatility	177.89 – 323.54%	303.47%	303.47%
Fair value of options issued in the period	0.43	0.04	0.20

(c) Warrants

As part of the brokered LIFE Offering closed on September 27, 2024, 1,860,000 warrants were issued. Each Warrant is exercisable to acquire one Common Share of the Company at a price of C\$2.00 per Warrant Share for a period of 24 months after closing and vesting immediately.

The weighted average expected contractual lives of outstanding/exercisable warrants is as follows:

Warrants Outstanding		
Exercise Price	Number of outstanding Sept. 30/24	Expected life of option (years)
\$ 1.05	1,860,000	2
\$ 1.05	223,200	2

In determining the value of the warrants, the Corporation used the Black-Scholes pricing model to establish the fair value of warrants granted by applying the following assumptions:

September 30	2024	2023
Risk-free interest rate	4.2%	–%
Expected life (years)	2 years	–
Expected dividend yield	0%	–%
Expected volatility	178.38%	–%

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21. CONTRIBUTED SURPLUS

Contributed surplus for the period ending September 30, 2024 consisted of \$572,985 (Q3 2023: \$78,500; December 31, 2023: \$104,250) for share-based payments and re-allocation of contributed surplus on exercise of share options of \$292,660 (December 31, 2023: \$10,000; Q3 2023: \$147,500).

Opening balance January 1, 2024	\$ 2,711,523
Share-based payments	572,985
Reallocation on exercise of share options	(292,660)
Balance as at September 30, 2024	\$ 2,991,848

22. DIVIDENDS PAID AND PROPOSED**Cash dividends**

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

23. COST OF SALES

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

	For the three months ended		For the nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Salaries	\$ 8,022,675	\$ 3,772,834	\$ 18,953,789	\$ 11,062,154
Travel	241,697	104,501	597,045	547,153
Consulting	682,657	–	4,553,605	–
Other	97,214	42,980	205,504	129,267
Total	\$ 9,044,243	\$ 3,920,316	\$ 24,309,941	\$ 11,738,575

24. EXPENSES: DISCLOSURE OF FUNCTION EXPENSES

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

Selling	For the three months ended		For the nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Salary and wages	\$ 699,038	\$ 595,019	\$ 1,507,674	\$ 1,016,690
Marketing and advertising	50,528	66,407	202,438	78,800
Travel	112,646	7,796	433,789	160,093
Mailing and courier	1,124	1,556	1,125	2,000
Professional services	4,940	8,519	50,000	93,605
Meals and entertainment	529	1,808	23,882	4,251
Total	\$ 868,805	\$ 681,105	\$ 2,218,908	\$ 1,355,439

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24. EXPENSES: DISCLOSURE OF FUNCTION EXPENSES (cont'd)

General and Administrative	For the three months ended		For the nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Salary and wages	\$ 881,950	\$ 688,955	\$ 2,723,410	\$ 1,782,648
Occupancy	89,444	71,586	302,346	178,175
Consulting	72,275	16,763	139,691	79,425
Professional fees	91,881	62,075	250,100	148,832
Insurance	230,680	165,614	571,311	418,743
Dues and subscriptions	11,821	6,889	60,738	39,849
Bank setup and penalties	8,201	6,052	39,762	34,373
Office and General	192,436	59,935	315,180	217,676
Total	\$ 1,578,687	\$ 1,077,870	\$ 4,402,537	\$ 2,899,722

25. LOANS PAYABLE

In 2020, the Corporation entered into an agreement for funding on a sales project in the amount of 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.

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

In September 2024, the Corporation entered into a non-secured loan agreement in the amount of \$108,016 (US\$80,000) with no interest rate payable. Subsequent to quarter end, in October 2024, this amount was fully paid.

As at September 30, 2024, the Loans Payable amount owed is \$477,924 (US\$353,978). Subsequent to quarter end, in October 2024, all loans were repaid.

26. 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) The following tables provide the balances owing to key management and key management compensation for the periods:

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26. RELATED PARTY DISCLOSURES (cont'd)

	Interest Received	Amounts Owed by Related Parties	Amounts Owed to Related Parties
Loans from/to shareholders			
September 30, 2024	\$ –	\$ –	\$ –
September 30, 2023	\$ –	\$ –	\$ 20,731
Key management personnel of the Corporation:			
September 30, 2024 (i)	–	\$ –	\$ 1,685,805
September 30, 2023 (ii)	–	\$ –	\$ 2,331,412
<i>Key management compensation</i>		September 30, 2024	September 30, 2023
Short term employee benefits		\$ 629,229	\$ 510,000
Post-retirement employee benefits		51,000	42,500
Share-based payments		277,550	12,000
Total		\$ 957,779	\$ 564,500

- (i) As of September 30, 2024, key management (Ashraf Zaghoul and Kristine Lewis) is owed a total of \$1,685,805 for unpaid salaries, expenses, benefits and compensation, outstanding since 2016. These amounts are part of Accounts Payable in Note 18.
- (ii) As of September 30, 2023, key management (Ashraf Zaghoul and Kristine Lewis) is owed a total of \$2,331,412 for unpaid salaries, expenses, benefits and compensation, outstanding since 2016. These amounts are part of Other Accounts Payable in Note 18.

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 period ended September 30, 2024, directors and officers of the company were granted total number of 350,000 options (Q3 2023: 600,000), as described in Note 20 (b), that were valued at \$315,000 (Q3 2023: \$12,000). In Q3 2024, the directors and officer exercised no options (Q3 2023: Nil).

The Corporation's indebtedness is controlled by a numbered Company, controlled by Ashraf Zaghoul, NTG CEO and Kristine Lewis, NTG President. The Indebtedness held by the Company is secured by a GSA over the assets of the Corporation. As of September 30, 2024, the loan amount is \$6,117,058 (Q3 2023: \$6,512,880).

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27. 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 September 30, 2024 to determine how a change in interest rates would impact equity and net loss.

During the three and nine months ended September 30, 2024, the Corporation paid \$90,662 and \$244,027 respectively (Q3 2023: \$94,825; YTD 2023: \$250,748) interest on its loans and liabilities. An increase or decrease of 100 basis points in the average interest rate paid during the year would have adjusted net earnings by approximately \$24,403 (Q3 2023: \$25,075). 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.

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Foreign currency risk (cont'd)**

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.

A 10% change in exchange rates on September 30, 2024 would have the following approximate impacts:

		Omani Riyal	Kuwait Dinar	Saudi Riyal	Turkish Lira	Iraqi Dinar	Egyptian Pound
10% impact to:	USD	OMR	KWD	SAR	TRY	IQD	LE
P&L in CAD	3,320	2,906	12,851	1,041,462	323	716	42,175
Equity in CAD	2,440	2,136	9,446	765,475	237	526	30,998

A 10% change in exchange rates on September 30, 2023 would have the following approximate impacts:

		Omani Riyal	Kuwait Dinar	Saudi Riyal	Turkish Lira	Iraqi Dinar	Egyptian Pound
10% impact to:	USD	OMR	KWD	SAR	TRY	IQD	LE
P&L in CAD	22,303	7,119	19,588	225,981	1,046	5,529	72,269
Equity in CAD	16,393	5,232	14,397	166,096	769	4,064	53,118

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.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Credit risk (cont'd)**

The aging of trade accounts receivable are as follows:

Neither past due nor impaired	September 30, 2024	December 31, 2023
Current	\$ 10,911,348	\$ 2,983,147
31 – 60 days	497,746	2,111,346
61 – 90 days	1,066,709	203,030
91 – 180 days	1,038,678	337,372
Past due but not impaired		
Greater than 180 days	116,200	212,760
	\$ 13,630,680	\$ 5,847,655

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 September 30, 2024:

Contractual obligations	2024	2025	2026	2027 +	Total
Operating line of credit	\$195,956	\$–	\$–	\$–	\$195,956
Accounts payable and accrued liabilities	11,185,209	–	–	–	11,185,209
Operating leases	143,247	343,382	178,625	–	665,255
Long-term debt	80,482	6,137,178	–	–	6,217,660
Loans payable	477,924	–	–	–	477,924

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.

NTG CLARITY NETWORKS INC.**Notes to the Unaudited Interim Consolidated Financial Statements**

September 30, 2024 and 2023

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**Liquidity risk (cont'd)**

The aging of trade accounts payable are as follows:

	September 30, 2024	December 31, 2023
Current	\$ 3,884,478	\$ 3,185,918
31 – 60 days	86,962	39,432
61 – 90 days	17,396	2,729
91 – 180 days	60,756	151,434
More than 180 days	203,926	612,044
	\$ 4,253,518	\$ 3,991,557

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 September 30, 2024, 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 period ending September 30, 2024. Also, no changes were made in the objectives, policies, or processes during the period ending September 30, 2024.

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:

- (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.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

28. 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 \$520 to \$4,800 for the periods from 2022 to 2028.

September 30, 2024

2024	\$	143,247
2025		343,382
2026		178,625
2027 and after		—
	\$	665,255

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. As of June 7, 2024, the Corporation has Director's and Officer's Insurance.

29. 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.

As per the Agreement, 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 period ending September 30, 2024, the Corporation recognized net revenue of \$Nil (2023: \$Nil) under these contracts.

NTG CLARITY NETWORKS INC.

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2024 and 2023

30. COMPARATIVE FIGURES

Certain of the 2023 figures have been reclassified to conform with the current period's financial statement presentation.