



# NTG Clarity Networks Inc.

*Simplifying Business Solutions*

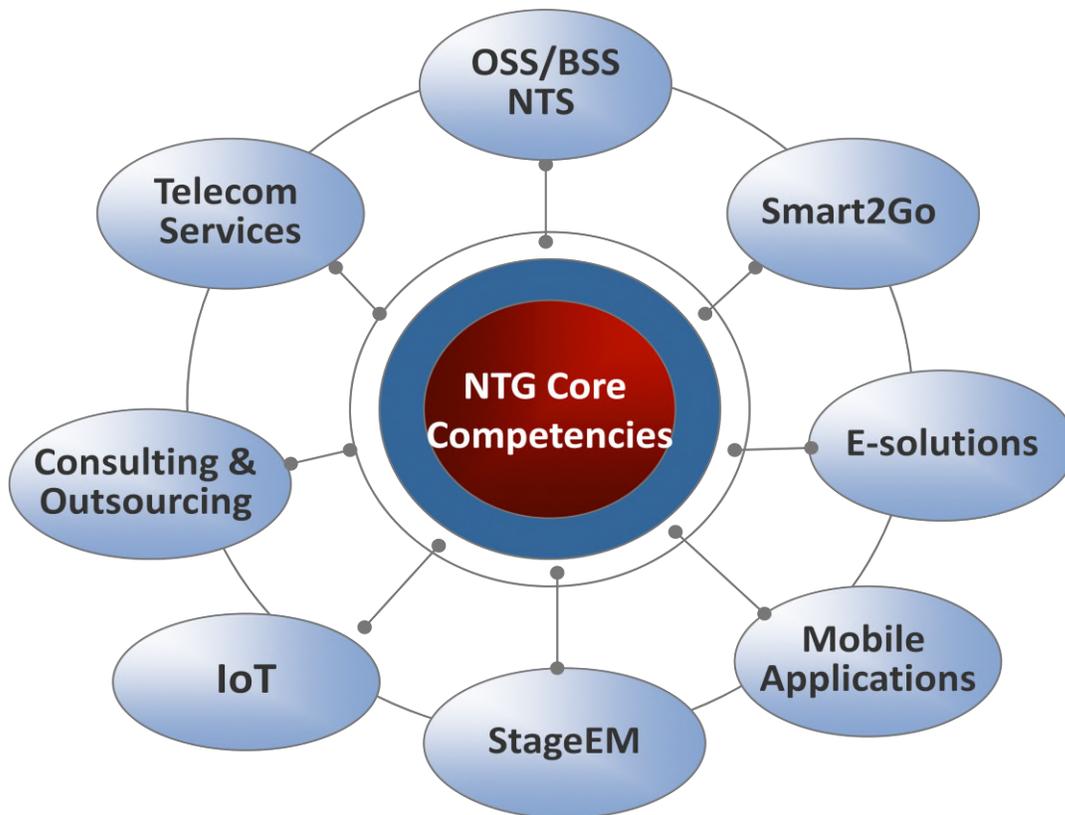


## ANNUAL REPORT 2020



## Our Vision

To be the leading provider of high quality systems and solutions while creating an environment of success for our customers, employees and shareholders.



## Our Value Proposition

NTG Clarity partners with groups who design, build, manage, and support networks and network software applications.

We are the experts in applying technology, methodology, process, and people to provide quality and on time network services; on your premises or ours. We help you, our customer, to increase revenue, improve customer satisfaction, and focus on your bottom line.

**“We are your software and network services partner!”**

## Table of Contents

Letter to our Shareholders.....	5
Management’s Discussion & Analysis of Financial Conditions and Results of Operations .....	6
Forward-Looking Statements .....	6
Business Overview.....	6
Summary of Major NTG Events in 2020 .....	7
Outlook.....	8
Summary of Quarterly Results .....	9
Quarterly and Annual Results of Operations.....	9
Revenue .....	9
Cost of Sales and Gross Margin.....	10
Operating Expenses.....	11
Other Expenses .....	12
Net Loss.....	13
Assets and non-current liabilities .....	13
Intangible assets.....	13
Property and equipment.....	14
Non-current liabilities .....	14
Liquidity and Capital Resources.....	14
Cash Flow Provided by Operations .....	14
Cash Flow from Financing Activities.....	15
Cash Flow from Investing Activities .....	15
Commitments and Contractual Obligations.....	15
Off-Balance Sheet Arrangements.....	15
Transactions with Related Parties .....	16
Basis of Preparation and Significant Accounting Policies.....	16
Proposed Transactions .....	16
Business Risk and Management .....	16
Market risk .....	17
Interest rate risk.....	17
Credit risk .....	17
Foreign currency risk.....	18
Liquidity risk .....	18
Capital Management.....	19
Legal claim contingency .....	19
Guarantees.....	19
Collateral.....	19
Disclosure Controls and Procedures and Internal Controls over Financial Reporting .....	19
Standards issued but not yet effective.....	20
Management’s Statement of Responsibility.....	20
Independent Auditor’s Report .....	21
Consolidated Statements of Financial Position .....	24
Consolidated Statements of Changes in Equity .....	25
Consolidated Statements of Profit and Loss and Comprehensive Income.....	26
Consolidated Statements of Cash Flows.....	27
1.    CORPORATE INFORMATION .....	28
2.    GOING CONCERN.....	28
3.    BASIS OF PRESENTATION.....	28
4.    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	29
5.    SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS.....	44
6.    STANDARDS ISSUED BUT NOT YET EFFECTIVE.....	47

7.	OPERATING SEGMENT INFORMATION .....	47
8.	INCOME TAXES .....	49
9.	EARNINGS PER SHARE .....	50
10.	CASH AND CASH EQUIVALENTS.....	51
11.	TRADE AND OTHER RECEIVABLES.....	51
12.	PREPAID EXPENSES AND DEPOSITS.....	52
13.	BID/PERFORMANCE BONDS .....	52
14.	PROPERTY AND EQUIPMENT .....	53
15.	INTANGIBLE ASSETS.....	54
16.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES .....	55
17.	OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES .....	56
18.	GOVERNMENT GRANT.....	58
19.	EQUITY INSTRUMENTS .....	58
20.	CONTRIBUTED SURPLUS.....	61
21.	DIVIDENDS PAID AND PROPOSED .....	61
22.	COST OF SALES.....	61
23.	EXPENSES: DISCLOSURE OF FUNCTION EXPENSES.....	61
24.	LOANS PAYABLE.....	62
25.	RELATED PARTY DISCLOSURES .....	62
26.	FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES .....	64
27.	COMMITMENTS, CONTINGENCIES, AND GUARANTEES.....	68
28.	COLLATERAL.....	69
29.	SALE OF ENTERPRISE LICENSES.....	69
30.	COMPARATIVE FIGURES .....	70
	Corporate Information.....	71





## Letter to our Shareholders

At this time, we are mindful of the effects of COVID-19 and the impact the pandemic has had on global economies throughout the world. Our thoughts are with those most impacted by the disease, as well as with the frontline workers who risk their own wellbeing to protect citizens across the globe.

2020 was a good year for NTG that has seen a turnaround to profitability in third and fourth quarters. We have capitalized on our track record and experience, and the goodwill we have built throughout the years. NTG is now recognized as a provider of top tier quality service with very competitive pricing. We have added new clients to our customer base, especially in the financial sector. These are outside our traditional telecom vertical and are an important growth opportunity for us as they are going through digital transformation.

During the year, we developed our new product Smart2go -- a digital transformation tool providing a low code platform that enables users to develop applications quickly and easily. Subsequent to year end, in Q1 2021, we have seen the demand for the system reflected in purchase orders and we look forward to increasing product sales and the professional services to implement and support the system. The Smart2go software is being sold as a service either on the cloud or implemented on premises for large corporate clients.

Going forward, NTG will focus on promoting our Smart2Go digital transformation platform. We believe that Smart2Go is one of the best digital transformation platforms available. It enables digital journeys and helps clients to create new revenue streams and enhance operation efficiency. At the same time, we are working hard to capitalize on the booming demands for IT and telecom services due to the COVID-19 pandemic and on establishing NTG as a major offshoring hub for technology and IT services.

We would again like to thank our valued shareholders for their continued support during these challenging times. As management's interests are closely aligned with our shareholder base, we remain committed to working diligently to return NTG to a profitable and growing the company in the years ahead.

*"Ashraf Zaghloul"*

Ashraf Zaghloul, Chair and Chief Executive Officer  
NTG Clarity Networks Inc.





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

This management discussion and analysis focuses on key statistics from the 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 April 28, 2021, for the year ended December 31, 2020 and should be read in conjunction with the audited consolidated financial statements and related notes and material contained in other parts of this annual report.

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

### **Forward-Looking Statements**

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

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

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

### **Business Overview**

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NTG Clarity is a Canadian publicly traded Corporation (TSXV:NCI) that provides telecommunications engineering, Information Technology, networking and related software solutions. We have been developing niche software products directed at telecom service providers and utilities markets since our inception in 1993. We also provide professional services network, and managed services to this same vertical.

We are headquartered in Toronto, Canada and have subsidiaries/branch offices in Cairo, Egypt; the USA; Riyadh, Saudi Arabia; Oman and Kuwait. 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, Oman; and the Egypt segment, which is our software development group and also provides professional services and network services/hardware to customers in Egypt.

## Summary of Major NTG Events in 2020

The following outlines the events that occurred in 2020:

- In January 2020, EDC approved payment of the insurance claim submitted in 2018. In February 2020, a payment of US\$60,911.53 was made to RBC Royal Bank.
- In January 2020, the EDC-supported performance bond was called by the customer. On February 27, 2020, the Corporation was notified that EDC had paid the Bank's claim of US\$55,848 towards the bond. As the bond was 100% insured by EDC, the cost was not born by the Corporation.
- On February 3, 2020, after the required Stock Exchange (TSX) review, NTG's shares resumed trading. The Investment Industry Regulatory Organization of Canada (IIROC) had halted trading for the Corporation's shares on October 8, 2019.
- On March 11, 2020, the World Health Organization (WHO) declared COVID-19 to be a global pandemic. Countries restricted travel, closed non-essential businesses, and asked that people stay home. NTG closed all offices and asked staff to work remotely.
- On March 20, 2020, due to the global economic situation and the inability of NTG to renew its Directors and Officers insurance, the Corporation announced that the two independent Board members and one other Board member resigned from NTG's Board.
- On May 1, 2020, NTG signed an agreement with an Egyptian company, to purchase NTG Egypt's Enterprise business including a copy of the non-exclusive rights for the IP of two legacy software products (Utility Billing and HMIS) for 1.2 million Egyptian pounds.
- On May 6, 2020, the Corporation closed the Board-approved Shares for Debt transaction and issued 44,000,000 shares for \$660,000 owed to employees and consultants. The total number of shares outstanding after the transaction was 100,102,355.
- Towards the end of June 2020, NTG's offices re-opened with the Egypt office starting a gradual return with enhanced health and safety protocols. Employees working at customer sites continue to follow customers' protocols for working onsite or remotely.
- On December 3, 2020, NTG announced the election of two independent members of the Board of Directors at the Annual General Meeting (AGM).

### **Egypt**

Historically, Egypt has been a challenging place to do business with continued restrictions on using foreign currency for business operations and on moving funds out of the country. We mitigate much of the risk of doing business in the country as our expenses and the majority of our contracts in Egypt are both in the local currency. Additionally, most of the technical and professional services are based in Egypt and allow NTG to provide experienced resources and expertise at extremely competitive prices.

This has proven to be a successful strategy because the offshoring of resources to Egypt is becoming increasingly popular, most likely due to COVID-19. Subsequent to year end (February 16, 2021), NTG announced the signing of a Memo of Understanding (MOU) with a major bank in the Gulf region to provide offshore resources and facilities through our Egyptian subsidiary. Three other smaller offshoring projects have expanded our services into the transportation sector and to government agencies.

In addition to offshoring and our existing professional services outsourcing in Egypt, we have focused efforts more on our core software products and our Smart2Go low-code development platform.

On May 1, 2020, NTG signed a Board-approved agreement with an Egyptian company owned by a former Director of the Corporation. This agreement allowed the Egyptian company to purchase NTG Egypt's

Enterprise business including a copy of the non-exclusive rights for the intellectual property (IP) of two software products (Utility Billing and HMIS) for 1.2 million Egyptian pounds. This was to allow us to focus on our core products and services.

In 2020, Egypt's revenue contribution continues to be strong with the subsidiary contributing 26% of the Corporation's revenue (2019: 33%).

### **Kingdom of Saudi Arabia (KSA)**

NTG has been doing business in KSA for over 15 years, and ongoing initiatives continue to show returns with 79% of our professional service work and 63% of our revenue being from KSA (2019: 62% and 49% respectively). NTG has developed good brand recognition and a solid track record over the years, which is an asset to our work in the region.

Our KSA revenue has increased by 14% over 2019 revenues. Additionally, new customers in the banking sector and in public sectors are contributing significantly to our revenue (28%).

### **Oman**

In 2020, we continued work for our customer in Oman, who is using our NTS Network Inventory and Project Management modules. Recurring revenues in Oman from product maintenance, support, and change requests as well as professional services contributed 11% to NTG's revenue in 2020 (2019: 9%).

### **Outlook**

We at NTG started 2020 with high expectations as we had the struggles with our indebtedness issues resolved and we hoped to see a return to some normalcy. However NTG, along with the world, faced the challenges associated with COVID-19 and the global shut-down. The ongoing pandemic measures presented and continue to present a significant source of economic uncertainty and there have been impacts on NTG's sales and operations.

COVID-19-related business changes such as the cancellation of marketing events and many customer in-person meetings and travel, combined with management mandated salary reductions, have combined to reduce our cost of sales by 12% and selling and G&A expenses by more than 50%.

Providing the offshoring and outsourcing of our technical, IT and professional services resources has proven to be a successful strategy as working remotely has become increasingly popular, most likely due to COVID-19. This has helped us grow and expand our business into new verticals that include government and financial sectors. We are looking forward to more contracts such as those announced subsequent to year end, in Q1 2021.

Finally, with the release of our latest software product, Smart2Go, we anticipate being able to further expand into new verticals. Smart2Go allows enterprises to automate their processes and create applications by offering rapid application development without the need for knowledge of development languages. Smart2Go is built on NTG's proven Workflow technology and provides both a Portal and Mobile Apps for its users.

At the time of publishing of this report, it is uncertain how long COVID-19 conditions will last and what economic impact they will have on our business, ongoing cash flows and our ability to continue as a going concern.

## Summary of Quarterly Results

Historically, NTG's operating results have fluctuated due to the timing of new contracts and their corresponding billing, as well as billing for software licenses which can result in larger sales orders in any one quarter. We expect this trend to continue.

Despite the COVID-19 lockdowns and the slowdown in Q2 2020, we have managed to keep quarter over quarter revenues strong. In Q3 and Q4 2020 we have returned NTG to profitability.

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

<b>2020</b>	<b>Revenue</b>	<b>Net Income (Loss)</b>	<b>Profit (Loss) per Share</b>	<b>Diluted Profit per Share</b>	<b>Total Assets</b>
Quarter One	\$ 2,474,766	\$ (598,736)	\$ (0.01)	\$ (0.01)	\$ 2,750,861
Quarter Two	\$ 1,651,209	\$ (1,019,715)	\$ (0.01)	\$ (0.01)	\$ 2,165,928
Quarter Three	\$ 2,233,248	\$ 252,059	\$ 0.00	\$ 0.00	\$ 2,448,748
Quarter Four	\$ 1,593,033	\$ 267,776	\$ 0.00	\$ 0.00	\$ 3,173,303
<b>TOTAL</b>	<b>\$ 7,906,989</b>	<b>\$ (1,098,617)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ 3,173,303</b>

<b>2019</b>	<b>Revenue</b>	<b>Net Income (Loss)</b>	<b>Profit (Loss) per Share</b>	<b>Diluted Profit per Share</b>	<b>Total Assets</b>
Quarter One	\$ 3,616,344	\$ 304,719	\$ 0.01	\$ 0.01	\$ 8,843,130
Quarter Two	2,035,298	\$ (289,170)	\$ (0.01)	\$ (0.01)	\$ 6,218,754
Quarter Three	\$ 575,594	(5,210,467)	\$ (0.09)	\$ (0.09)	\$ 4,899,211
Quarter Four	2,399,193	(3,989,191)	( 0.07)	( 0.06)	\$2,254,321
<b>TOTAL</b>	<b>\$ 8,626,429</b>	<b>\$ (9,184,109)</b>	<b>\$ (0.16)</b>	<b>\$ (0.15)</b>	<b>\$2,254,321</b>

## Quarterly and Annual Results of Operations

Towards the end of Q1 2020, NTG's offices were closed; staff were asked to work remotely. Q2 2020 was significantly affected by COVID-19 and sales and collections were negatively impacted. Though revenues have started to strengthen in Q3 and Q4 2020, cash flow remains a concern as NTG depends on collections to finance operations.

Financial highlights for the three months and year ended December 31, 2020:

### Revenue

Consolidated revenues for the three months ended December 31, 2020 was \$1,593,033 compared to \$2,399,193 for the same period in 2019. Revenue for the year decreased 8% to \$7,906,989 compared to \$8,626,429 reported in the prior year, due to the loss in revenue from Kuwait, and the sale of NTG Egypt's Enterprise group.

Professional service revenue continues to be an important strategic source of revenue for us, given its generally recurring nature (80% as compared to 76% in 2019). We continue to work to make product sales a more balanced part of NTG's revenue stream.

2020 revenue is lower primarily because of the loss of Kuwait revenue starting in Q2 2020. Our main contract expired and was not renewed and we have been unable to replace the revenue stream. Egypt revenue is lower than in 2019 because of the sale of the Enterprise group. However Canada and KSA showed revenue increases which significantly offset the lost revenue streams.

Consolidated revenues for Q4 2020 for the Egypt operating segment were \$393,190 compared to \$881,789 in 2019. For the year ended December 31, 2020 revenues decreased to \$2,094,422 (2019: \$2,829,382). This was partially due to the sale of Egypt's Enterprise group in May 2020.

For the Canadian operating segment, revenues for the three months ended and year ended December 31, 2020 were \$1,154,577 and \$5,812,568 (2019: \$1,517,403 and \$5,797,047). The Q4 decrease was due to the loss of Kuwait revenue which was offset by strong KSA and Canada revenues, making the YTD revenue slightly stronger than 2019.

Though we currently have three Canadian customers, the Middle East continues to be where the majority of NTG's revenue comes from and as of December 31, 2020, represents 99% of total revenue. We are hopeful 2021 will see improved results from our past efforts with both existing and new customers.

Despite the challenges in Egypt, business development efforts have resulted in a strong contribution to NTG's consolidated revenue (26%).

### **Unbilled Revenue**

Unbilled revenue is revenue which had been earned and therefore recognized in compliance with IFRS, but which has not been billed to the client(s) due to contract terms and/or billing cycle. NTG derives revenue from fees charged to customers for licenses for software products and professional services: support, consulting, development, training, and other services.

Revenue can be recognized for projects based on time and materials for professional services, or on a percentage of completion basis for product implementation and support. Both can result in unbilled revenue until the customer is invoiced. Based on NTG's contracts, the customer is invoiced upon the completion of defined milestones and/or the required customer acceptance. For many contracts, revenue is recognized each month, but billed on a quarterly basis and we anticipate this to continue.

At December 31, 2020, unbilled revenue was \$315,171 compared to \$447,682 at December 31, 2019.

### **Cost of Sales and Gross Margin**

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

Cost of sales for the three months and year ended December 31, 2020 were \$1,675,034 and \$5,673,356 respectively.

<b>Cost of sales</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Salaries and wages	\$ 5,223,849	\$ 5,492,507
Travel	123,344	323,345
Hardware	240,393	168,752
Other expenses	85,770	388,859
<b>Total</b>	<b>\$ 5,673,356</b>	<b>\$ 6,373,463</b>

For the Egypt operating segment, cost of sales for the three months and year ended December 31, 2020 were \$622,475 and \$1,694,496 compared to \$949,747 and \$2,417,245 in 2019. Decreases were due to reduced travel and project slow downs as a result of COVID-19 lockdowns, and also due to the Enterprise group's removal as of May 2020.

For the Canadian operating segment, cost of sales for the three months and year ended December 31, 2020 were \$1,052,559 and \$3,978,860 (2019: \$937,587 and \$3,956,218).

The gross margin for the year ending December 31, 2020 was 28% compared to 26% in 2019. Realistic margins are anticipated to be between 30-40%, based on the product mix.

### **Operating Expenses**

COVID-19-related business changes, such as the cancellation of marketing events and related travel, had a significant impact on 2020 results. NTG's operating expenses were significantly reduced to \$3,394,410 in 2020 compared to \$6,896,496 in the prior fiscal year. This is because of significantly reduced selling/marketing and G&A costs as a result of office lockdowns and restricted travel due to COVID-19.

### **Selling and Marketing**

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

Sales and marketing expenses for the three months and year ended December 31, 2020 were \$301,073 and \$955,428 respectively (2019: \$833,328 and \$2,316,833). The significant decrease in the selling and marketing expenses was the direct result of COVID-19. Travel, trade shows and most customer meetings/visits continue to be suspended, and sales staff and salaries have been reduced.

<b>Selling</b>	<b>For the twelve months ended</b>	
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Salary and wages	\$ 670,145	\$ 1,621,273
Marketing and advertising	186,217	316,816
Mailing and courier	5,534	5,787
Professional services	39,485	45,104
Meals and entertainment	54,046	318,947
Miscellaneous	–	8,906
<b>Total</b>	<b>\$ 955,428</b>	<b>\$ 2,316,833</b>

### **General and Administrative**

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

G&A expenses for the three months and year ended December 31, 2020 were \$180,271 and \$2,353,089 respectively compared to \$2,042,682 and \$4,063,432 in 2019. G&A costs have decreased significantly in this period due to:

- After Q1 2020, no salaries were accrued or paid for employees in the Canadian office and salaries in Egypt and KSA were also reduced due to COVID-19.
- The one-time End of Service provision for Executives in 2019 was absent in 2020.
- Lower insurance costs - EDC and Euler Hermes Canada insurance policies were active in 2019 but not in 2020 (see Note 25).

<b>General and Administrative</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Salary and wages	\$ 1,364,997	\$ 3,046,491
Occupancy	222,847	282,678
Consulting	99,800	104,708
Professional fees	120,645	119,689
Bid/performance bond fees	831	3,161
Insurance	242,299	426,653
Dues and subscriptions	25,690	23,228
Penalties and fees	37,245	31,264
Office and general	238,735	25,560
<b>Total</b>	<b>\$ 2,353,089</b>	<b>\$ 4,063,432</b>

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. The functional currency of the subsidiary NTG Egypt Advanced is the Egyptian pound, and the functional currency of the subsidiary NTG Clarity Networks US Inc. is the US Dollar.

An entity may present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the presentation currency. For example, when a group contains individual entities with different functional currencies, the results and financial position of each entity are expressed in a common currency so that consolidated financial statements may be presented.

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

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

For the quarter ended December 31, 2020, the Corporation recognized a foreign currency exchange gain of \$104,718, compared to a loss of \$303,344 for the same period in 2019. For the year ended December 31, 2020, the Corporation recognized a smaller foreign currency exchange loss of \$85,893 compared to a loss of \$516,231 the year ended 2019. For more information on foreign exchange, see Note 4(b): Foreign currency translation.

### **Other Expenses**

#### **Research and Development**

With the exception of Smart2Go, our flagship product, research and development is paid for by customer requests and is therefore, included in cost of sales.

#### **Provision for Bad Debt**

NTG has made a provision for bad debt of \$339,602 (2019: \$1,322,485 and \$807,196) which was primarily for uncollected invoices in Kuwait.

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

There are no amortization costs for 2020 (2019: \$273,313).

### **Interest Expense**

As at December 31, 2020, the interest expense for the three months and year was \$70,086 and \$268,957 as compared to \$279,806 and \$946,881 for the same periods in 2019. The significant decrease was due to the replacement of RBC Royal Bank as principle indebtedness carrier.

### **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 three years after the grant date, and usually vest over two years but can have varying vesting periods.

No options were granted to non-employees during 2020. Stock options granted during the three and twelve months ended December 31, 2020 totalled 400,000 and 500,000 (2019: 800,000 and 1,670,000). The weighted average expected contractual lives of outstanding and exercisable options are shown in Note 18(b). 3,262,000 options have vested and there are 3,412,000 issued. The difference of 150,000 will vest in the foreseeable future (within the next 12 months) and the expense will be charged in the future quarters.

### **Income Taxes**

There are no income taxes for the taxation year ending December 31, 2020 as NTG has income tax losses in the amount of \$17,799,962 that are available for Canadian federal and provincial tax purposes which may be carried forward to reduce future years' taxable income (December 31, 2019: \$16,117,458).

### **Net Loss**

For Q4 2020, the Corporation recorded a net income of \$267,776 compared to a net loss of \$(3,989,191) for the same period in 2019. For the year ending December 31, 2020, the Corporation recorded a net loss of \$(1,098,617) compared to \$(9,184,109) in 2019.

The Egypt operating segment, for the three months ended December 31, 2020 recorded a net income of \$806,277 (Q4 2019: loss of \$(1,030,892)). For the year ended December 31, 2020 there was a net income of \$551,784 (2019: \$(1,119,463)).

For the Canadian operating segment, the net loss for the three months was \$538,501 and for the year ended December 31, 2020 a net loss of \$(1,650,403) compared to a net loss of \$(2,958,299) and \$(8,064,646) for the same periods last year.

Much of the loss was in Q1 and Q2 and was attributable to the impact of COVID-19 and included:

- office and customer closures that resulted in project slowdown and delays.
- a 27% reduction in revenue (Q1 + Q2) over 2019.

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

As of December 31, 2020, the Corporation closed the year with \$145,224 cash on hand (2019: \$31,068), bid/performance bonds of \$60,233 (2019: \$85,675) and prepaid amounts of \$67,501 (2019: \$125,409).

Differences in prepaid amounts are due to the timing of insurance and rental renewals. The decrease in bond values compared to year to date 2019 occurred because of bonds that expired in Egypt and KSA.

### **Intangible assets**

In past years, intangible assets were related to the upgrade of our internally developed Operations Support System/Business Support System (OSS/BSS) software product called NTS, and StageEM, our

enterprise solution that allows companies to manage many current and/or proposed projects and maintain control of resources, budgets and other elements. As of December 2019, these products were impaired and removed from NTG's balance sheet, though we consider both products to be valuable assets.

Smart2Go is our newest software development product. It is a powerful development tool that offers rapid application development whose users need no knowledge of development languages. Powerful templates allow users to create their own tools for HR, CRM, asset management, etc. In 2020, Smart2Go development was capitalized for \$860,636 (2019: \$Nil).

### **Property and equipment**

Property and equipment of \$157,757 as of December 31, 2020 (2019: \$179,162) consists mainly of computer equipment and office furniture with a useful life of 4-10 years. We are not dependant on tangible assets and we expect the purchase and disposal of property and equipment to be consistently modest in the foreseeable future. NTG had additions of \$19,677 during 2020 (2019: \$11,438) and depreciation of \$41,082 (2019: \$54,255).

### **Non-current liabilities**

As of December 31, 2020, NTG had the following non-current liabilities:

- The outstanding indebtedness of \$7,189,285 held by a numbered Company is disclosed as a long-term debt on the Statements of Financial Position. See Note 17(a) and Note 23 for more information.
- Several loans payable of \$659,547, provided by international investors.

### **Liquidity and Capital Resources**

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NTG's principal requirement for capital is to provide working capital to fund its operations and support its organic growth. Historically, we have funded operations by using profits generated by operations and through the issuance of equity. In 2020, we funded operations, changes in non-cash working capital and capital expenditures using internally generated cash flows, cash on hand, short-term loans, and a Shares for Debt private placement in May 2020.

At December 31, 2020, we had a working capital deficit of \$6,336,678 compared to a deficit of \$4,490,883 at December 31, 2019. The increase in negative working capital was primarily due to the loss for the year. Efforts to address our working capital needs in 2020 included:

- closing a Shares for Debt transaction in May 2020 to reduce payables by \$660,000.
- working to expand existing customer work and retaining new customers.
- continuing our increased collection activities.
- loans from overseas investors.

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

The cash in-flow from operating activities for the year ended December 31, 2020 was \$1,833,037 compared to \$366,131 for the same period in 2019. The substantial change compared to 2019 was due to:

- a much lower net loss of \$(1,098,617) compared to \$(9,184,109) in 2019.
- lower interest expenses of \$268,957 (2019: \$946,881).
- a smaller decrease in accounts receivable and increase in accounts payable.

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

The cash out-flow from financing activities for the year ended December 31, 2020 was \$838,568 compared to an out-flow of \$422,320 for the same period in 2019. This was primarily due to:

- the significant decrease in interest paid (\$268,957 compared to \$946,881 in 2019).
- a larger Shares for Debt transaction (\$660,000 compared to \$360,000 in 2019).

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

Cash out-flow from investing activities for the year ended December 31, 2020, was \$880,313 compared to an out-flow of \$11,437 for the same period in 2019. This was due to the capitalization of development costs for our Smart2Go software product.

### **Commitments and Contractual Obligations**

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The Corporation is committed under agreements for the rental of office space in Canada at a monthly rate of \$9,232 for the period from June 1, 2016 to May 31, 2021. Additionally, we have short term agreements for the rental of office space in Saudi Arabia, Oman, and Egypt, as well as lease obligations for office equipment. At December 31, 2020, NTG's operating lease obligations were \$298,704.

On April 6, 2020, the Corporation signed a Forbearance Agreement with its Canadian landlord where the Corporation agreed to pay \$5,200 per month and defer the balance of the rent. The Corporation will use its best efforts to pay additional amounts against the accruing balance.

### **Debt and Credit Facilities**

As of December 31, 2020, NTG's indebtedness is 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 from January 2021 until May 2022. This has helped the Corporation 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.

As of December 31, 2020, NTG Egypt Advanced Software, a subsidiary of the Corporation, has an overdraft facility with QNB bank in Egypt in the amount of 7 million pounds (approximately \$569,734) with an interest rate of 18%.

In April 2020, NTG applied for and received the Canada Emergency Business Account ("CEBA") loan of C\$40,000. In December 2020, NTG applied for and received the expansion of the CEBA loan (an additional C\$20,000).

As of December 31, 2020, we have no EDC-supported bonds. In early 2019, the performance bond was called and EDC paid the claim of US\$55,848 to RBC Royal Bank. As the bond was 100% insured by EDC, the cost was not born by the Corporation.

### **Off-Balance Sheet Arrangements**

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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**

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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 23.

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

## **Basis of Preparation and Significant Accounting Policies**

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

Significant accounting policies are presented in detail in Note 3 of our audited consolidated financial statements for the year ended December 31, 2020. These are available on SEDAR ([www.sedar.com](http://www.sedar.com)). The policies applied in these statements are based on IFRS issued and outstanding as of April 28, 2021, the date the Board of Directors approved the consolidated financial statements.

## **Proposed Transactions**

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There are no Proposed Transactions.

## **Business Risk and Management**

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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 (assumed from RBC Royal Bank in December 2019), and trade and other payables. NTG has also taken on short term debt from overseas to assist with cash flow.

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

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

Though we have worked hard to diversify our customer base, we are dependent on a few large customers. In 2020, 29% (2019: 14%) of the Corporation's revenue was from one customer. As at December 31, 2020, approximately 25% (2019: 13%) of the Corporation's trade accounts receivable balance was from one customer. Management continues to work to diversify the customer base and country concentration.

Additional risks and uncertainties not described below or not presently known to the Corporation may also impact our business. If any of these risks occur, the Corporation's business, financial condition or results of operations could be harmed and the trading price of the Corporation's common shares could be materially affected. The purpose of discussing these risks and uncertainties is to highlight factors that could cause actual results to differ materially from past results or from those described in forward-looking statements. It is not to describe facts, trends and circumstances that could have a positive impact on the results or financial position.

## **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk. The Corporation is not subject to price risk from fluctuations in market prices of commodities and has no exposure to equity price risk.

There is a high concentration of competition in the telecom industry and no barrier of entry for new competitors into the market. Many of our competitors are larger companies that have greater resources. To help mitigate this risk, we have partnered with, or signed agreements to work through; a few of the large competitors, as we can offer seasoned resources at extremely competitive rates.

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

In 2020, approximately 63% of our revenue came from work done in KSA (2019: 49%). The majority of NTG's KSA customers are consistently within our 180 days payment terms.

Historically 7-11% of our revenue comes from work done through our subsidiary NTG Egypt, based in Cairo, Egypt. Since 2014, the contribution percentage has grown from 13.7% to 26% in 2020. The economic challenges in the region continue have a positive impact on our Egypt operations.

Oman's one customer contributed 11% of the revenue in 2020 (2019: 9%).

## **Interest rate risk**

The Corporation's exposure to interest rate fluctuations is primarily interest paid on its indebtedness and long-term loans. The Corporation has performed sensitivity analysis on interest rates at December 31, 2020 to determine how a change in interest rates would impact equity and net loss.

During the year, the Corporation paid \$268,957 (2019: \$946,881) on its loans and liabilities. An increase or decrease of 100 basis points in the average interest rate paid during the period would have adjusted net earnings by approximately \$26,896 (2019: \$94,688). This analysis assumes that all other variables remain constant.

## **Credit risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. NTG's financial instruments that are exposed to credit risk consist primarily of trade receivable. Our exposure to credit risk is impacted by the economic conditions for the industry which could affect the customers' ability to satisfy their obligations. To reduce risks, we perform periodic credit evaluations of the financial conditions of its customers and typically does not require collateral from them. Management assesses the need for allowance for potential credit losses by considering the credit risk of specific customers, historical trends and other information.

The credit quality of all the accounts receivable of the Corporation that are neither past due nor impaired and the age of accounts receivable that are past due but not impaired have been assessed on an individual basis and determined to have a mitigated risk profile due to their payment history. NTG previously had receivables and pre-shipping insurance; however we did not renew this insurance due to cash flow (see Note 26). This introduces a new level of risk of non-payment by customers which was not previously there.

## Foreign currency risk

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

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

A 10% change in exchange rates on December 31, 2020 would have the following approximate impacts:

	U.S. Dollar	Omani Riyal	Kuwait Dinar	Saudi Riyal	Qatari Riyal	Egyptian Pound
10% impact to:	USD	OMR	KWD	SAR	QAR	LE
P&L in CAD	79,287	7,938	43,299	60,018	11	25,459
Equity in CAD	58,276	5,834	31,825	44,113	8	18,712

## Liquidity risk

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

The following table summarizes the amount of contractual undiscounted future cash flow requirements for financial instruments as at December 31, 2020:

Contractual obligations	2021	2022	2023	2024 and after	Total
Accounts payable and accrued liabilities	\$ 7,126,959	–	–	–	\$ 7,126,959
Operating lease	184,455	105,878	5,371	3,000	298,704
Long-term debt	7,217,784	–	–	–	7,217,784
Loans payable	659,547	–	–	–	659,547

The aging of trade accounts payable are as follows:

December 31,	2020	2019
Current	\$ 800,211	\$ 419,918
31 – 60 days	109,175	103,642
61 – 90 days	30,732	131,302
91 – 180 days	98,235	583,163
More than 180 days	2,685,866	2,220,676
	<b>\$ 3,724,219</b>	<b>\$ 3,458,701</b>

Expenses are accrued when incurred. Accounts are deemed payable once an event occurs that requires payment by a specific date. The contractual maturity of the majority of accounts payable is within one month.

## **Capital Management**

NTG manages its capital, which consists of cash provided from operations and long term debt, with the primary objective being safeguarding sufficient working capital to sustain operations. The Board of Directors has not established capital benchmarks or other targets. As at December 31, 2020, the Corporation was 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 NTG's approach to capital management during the year ending December 31, 2020. Also, no changes were made in the objectives, policies, or processes during the year ending December 31, 2020. We will continually assess the adequacy of our capital structure and capacity and make adjustments within the context of NTG's strategy, economic conditions, and the risk characteristics of the business.

NTG's objectives when managing capital are to:

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

NTG considers the items included in the consolidated statements of changes in shareholders' equity as capital. We manage the capital structure and make 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, we may issue new shares. We are not subject to externally imposed capital requirements.

## **Legal claim contingency**

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

## **Guarantees**

NTG indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Corporation. In March 2020, the Corporation was unable to renew its Directors and Officers liability insurance. The insurance remains a concern and we are looking for alternatives.

## **Collateral**

NTG has pledged its assets under a General Security Agreement ("GSA") as disclosed in Note 17. The Corporation did not hold collateral at December 31, 2020, and December 31, 2019.

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

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The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Corporation's disclosure controls and procedures as of December 31, 2020 and have concluded that such disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Corporation or its subsidiaries is made known to them.

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

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

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

### **Standards issued but not yet effective**

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As at April 28, 2021, the date of authorization of these financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted by the Corporation. All other standards were early adopted as explained in the prior year's financial statements.

### **Management's Statement of Responsibility**

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

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

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

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

*"Ashraf Zaghoul"*

**Ashraf Zaghoul**  
Chief Executive Officer  
April 28, 2021

*"Kristine Lewis"*

**Kristine Lewis**  
President  
April 28, 2021

## Independent Auditor's Report

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To the Shareholders of  
**NTG Clarity Networks Inc.:**

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of **NTG Clarity Networks Inc.** and its subsidiaries (the "Corporation"), which comprise the consolidated statements of financial position as at **December 31, 2020** and **December 31, 2019**, and the consolidated statements of profit and loss and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at **December 31, 2020** and **December 31, 2019**, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Corporation has attained an loss from operations of \$1,098,617 during the year ended December 31, 2020 and, as of that date, the Corporation has an accumulated deficit of \$24,796,574. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

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

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

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

*NVS Professional Corporation*

NVS Professional Corporation

Authorized to practice public accounting by  
the Chartered Professional Accountants of Ontario

Markham, Ontario

April 28, 2021

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

(In Canadian Dollars)

<b>As at December 31,</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 10)	\$ 145,224	\$ 31,068
Trade and other receivables (Note 11)	1,881,952	2,346,824
Bid/performance bonds (Note 13)	60,233	85,675
Prepaid expenses and deposits (Note 12)	67,501	125,409
Total current assets	\$ 2,154,910	\$ 2,588,976
Non-current assets		
Property, plant and equipment (Note 14)	\$ 157,757	\$ 179,162
Intangible assets (Note 15)	860,636	–
Total non-current assets	1,018,393	179,162
Total Assets	\$ 3,173,303	\$ 2,768,138
<b>LIABILITIES</b>		
Current liabilities		
Bank indebtedness (Note 17)	\$ 569,734	\$ –
Accounts payable and accrued liabilities (Note 16)	7,126,959	6,507,919
Current portion of leasehold liability	1,551	5,241
Due to related parties (Note 24)	–	566,699
Deferred revenue	133,797	–
Loans payable (Note 24)	659,547	–
Total current liabilities	\$ 8,491,588	\$ 7,079,859
Non-current liabilities		
Long-term debt (Note 17) (Note 24)	7,217,784	7,100,712
Due to related parties (Note 24)	–	689,718
Total non-current liabilities	\$ 7,217,784	\$ 7,790,430
Total liabilities	\$ 15,709,372	\$ 14,870,289
<b>SHAREHOLDER'S EQUITY</b>		
Capital stock (Note 19)	10,808,186	10,148,186
Contributed surplus (Note 20)	1,809,523	1,808,958
Foreign exchange account	(357,204)	(891,040)
Deficit	(24,796,574)	(23,164,121)
Total shareholders' equity	(12,536,069)	(12,102,151)
Total liabilities and shareholders' equity	\$ 3,173,303	\$ 2,768,138

Approved on behalf of the Board:

*"Ashraf Zaghoul"*

Director

*"Kristine Lewis"*

Director

See accompanying notes to consolidated financial statements.

**NTG CLARITY NETWORKS INC.**  
**Consolidated Statements of Changes in Equity**  
For the years ended December 31, 2020 and December 31, 2019  
(In Canadian Dollars)

	Share Capital	Contributed Surplus	Deficit	Foreign Exchange Reserve	Total Shareholders' Equity
<b>Balance, January 1, 2019</b>	\$ 9,752,186	\$ 1,788,593	\$(14,352,386)	\$ (518,666)	\$ (3,330,273)
Income from continuing operations	–	–	(8,811,735)	–	(8,811,735)
Other comprehensive income	–	–	–	(372,374)	(372,374)
Share-based compensation (Note 19)	–	28,231	–	–	28,231
Issuance of share capital (Note 19)	24,000	–	–	–	24,000
Debt for share exchange (Note 19)	360,000	–	–	–	360,000
Reallocation of contributed surplus (Note 19)	12,000	(12,000)	–	–	–
<b>Balance, December 31, 2019</b>	\$ 10,148,186	\$ 1,804,824	\$(23,164,121)	\$ (891,040)	\$ (12,102,151)
Income from continuing operations	–	–	(1,632,453)	–	(1,632,453)
Other comprehensive income	–	–	–	533,836	533,836
Share-based compensation (Note 19)	–	4,699	–	–	4,699
Debt for share exchange (Note 19)	660,000	–	–	–	660,000
<b>Balance, December 31, 2020</b>	\$ 10,808,186	\$ 1,809,523	\$(24,796,574)	\$ (357,204)	\$ (12,536,069)

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

(In Canadian Dollars)

<b>For the years ended December 31,</b>	<b>2020</b>		<b>2019</b>	
<b>REVENUE</b> (Note 7)	\$	7,906,989	\$	8,626,429
<b>COST OF SALES</b> (Note 22)		5,673,356		6,373,463
<b>GROSS MARGIN</b>		2,233,633		2,252,966
<b>OPERATING EXPENSES</b>				
Selling (Note 23)		955,428		2,316,833
General and administration (Note 23)		2,353,089		4,063,432
(Gain) loss on foreign exchange		85,893		516,231
Total operating expenses		3,394,410		6,896,496
<b>INCOME (LOSS) FROM OPERATIONS</b>	\$	(1,160,777)	\$	(4,643,530)
<b>OTHER EXPENSES</b>				
Amortization (Note 15)		–		364,417
Depreciation (Note 14)		41,082		54,255
Government subsidy (Note 18)		(34,970)		–
Accretion (Note 18)		3,470		–
Loss on impairment of intangible asset (Note 15)		–		644,985
Provision for bad debts (Note 11)		339,602		1,322,485
Interest		268,957		946,881
Foreign fees		–		(245)
(Gain) on sale of licenses (Note 29)		(99,428)		–
Share-based payments (Note 20)		4,699		28,231
Impairment (recovery) of unbilled revenue (Note 11)		–		807,196
Other income		(51,736)		–
Total other expenses		471,676		4,168,205
<b>(LOSS) FROM CONTINUING OPERATIONS</b>	\$	(1,632,453)	\$	(8,811,735)
Other comprehensive income:				
Exchange gain (loss) arising on translation of foreign operations		533,836		(372,374)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	\$	(1,098,617)	\$	(9,184,109)
<b>Earnings (loss) per share</b> (Note 9)				
Basic	\$	(0.01)	\$	(0.16)
Diluted	\$	(0.01)	\$	(0.15)
<b>Weighted average number of shares outstanding</b>				
Basic		100,102,355		56,102,355
Diluted		103,514,355		59,588,956

See accompanying notes to consolidated financial statements.

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

(In Canadian Dollars)

For the years ended December 31,	2020	2019
<b>Cash provided by (used in)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (1,098,617)	\$ (9,184,109)
Add-Items not affecting cash:		
Amortization (Note 15)	–	364,417
Depreciation (Note 14)	41,082	54,255
Interest expense	268,957	946,881
Share-based payment (Note 19)	4,699	4,133
Loss on impairment of intangible asset (Note 15)	–	644,985
Shares for debt issued (Note 19)	660,000	360,000
	\$ (123,879)	\$ (6,785,340)
Net change in non-cash working capital items,		
Decrease in trades and accounts receivable	\$ 464,872	\$ 3,604,321
(Decrease) in deferred revenue	133,797	(16,525)
Increase in bid/performance bond	25,442	25,861
Decrease (increase) in prepaid expenses and deposits	57,908	82,301
Increase in accounts payable and accrued liabilities	619,040	3,459,203
Increase (decrease) increase in leasehold liability	(3,690)	(3,690)
Increase (decrease) in loans payable	659,547	–
<b>TOTAL CASH IN-FLOW FROM OPERATING ACTIVITIES</b>	<b>\$ 1,833,037</b>	<b>\$ 366,131</b>
<b>FINANCING ACTIVITIES</b>		
Advances (to) related parties	\$ –	\$ 300,000
Advances from related parties	(1,256,417)	328,416
Increase in long-term debt (Note 17)	117,072	7,100,712
Interest paid	(268,957)	(946,881)
Issuance of common shares (Note 19)	–	24,000
Repayment of bank indebtedness (Note 17)	569,734	(7,228,567)
<b>TOTAL CASH (OUT-FLOW) FROM FINANCING ACTIVITIES</b>	<b>\$ (838,568)</b>	<b>\$ (422,320)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (Note 14)	(19,676)	(11,437)
(Additions) intangible assets (Note 15)	(860,636)	–
<b>TOTAL CASH (OUT-FLOW) FROM INVESTING ACTIVITIES</b>	<b>\$ (880,313)</b>	<b>\$ (11,437)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>114,156</b>	<b>(67,626)</b>
Cash balance, beginning of period	31,068	98,694
Cash balance, end of period	\$ 145,224	\$ 31,068

See accompanying notes to consolidated financial statements.

## **NTG CLARITY NETWORKS INC.**

### **Notes to the Audited Consolidated Financial Statements**

December 31, 2020 and 2019

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#### **1. CORPORATE INFORMATION**

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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. 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.

##### **Impact of COVID-19**

The uncertainties around the outbreak of the COVID-19 pandemic required the use of significant judgment and estimates. As at December 31, 2020, the Corporation has not noted any significant impairment as a result of COVID-19. The uncertain future impact of COVID-19 could generate, in future reporting periods, a significant risk of material adjustments to the carrying amount of: accounts receivable, property, plant & equipment, finite-life intangible assets, and government authorities loans and other loans. As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Corporation's consolidated financial condition, operations and consolidated financial results are subject to significant uncertainty.

#### **2. GOING CONCERN**

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

As at December 31, 2020, the Corporation had a working capital deficit of \$6,336,678 (2019: deficit of \$4,490,883), loss from operations of \$1,160,777 (2019: loss of \$4,643,530), and accumulated losses since inception of \$24,796,574 (2019: \$23,164,121).

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**

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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.

### **3. BASIS OF PRESENTATION (cont'd)**

#### **Statement of Compliance**

The audited consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), London, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and in effect at the closing date of April 28, 2021.

Management of the Corporation prepared the consolidated financial statements of the Corporation during January and February 2020, and the Board of Directors approved them. The Audit Committee of the Corporation discussed the audited consolidated financial statements at its meeting on April 28, 2021, and the Board of Directors approved them at its meeting on April 28, 2021.

The audited 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 is prepared as of the closing date of the Corporation's financial statements using the same accounting policies.

In the audited consolidated statement of profit and loss and comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, and consolidated statement of changes in equity, certain items are combined for the sake of clarity. These are explained within the notes. The consolidated statement of profit and loss and comprehensive income is prepared using the cost-of-sales method. Assets and liabilities are classified by maturity. They are regarded as current if they mature within one year or within the normal business cycle of the Corporation. The normal business cycle is defined for this purpose as beginning with the procurement of the resources necessary for the production process and ending with the receipt of cash or cash equivalents as consideration for the sale of the goods or services produced in that process. Trade accounts receivable and payable, claims for tax refunds, and tax liabilities are always presented as current items; deferred tax assets and liabilities, if any, are presented as noncurrent items. Provisions (if any), debt and other liabilities are shown between current and noncurrent.

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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#### **(a) Basis of consolidation**

The audited consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at December 31, 2020.

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 is 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.

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

**(a) Basis of consolidation (cont'd)**

The subsidiary of the Corporation as of December 31, 2020 is its 95% owned subsidiary, NTG Egypt Advanced Software, and its wholly owned U.S. subsidiary, NTG Clarity Networks US Inc.

**(b) Foreign currency transaction**

**Translation to the presentation currency**

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

The functional currency of the subsidiary NTG Egypt Advanced 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:

1. 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;
2. 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
3. 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.

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

##### **(b) Foreign currency transaction (cont'd)**

###### **Translation to the presentation currency (cont'd)**

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:

1. Translating income and expenses at the exchange rates at the dates of the transactions and assets and liabilities at the closing rate.
2. 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:

1. 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
2. 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 transaction (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 recognised in profit or loss or, if it arises from the circumstances described in IAS 21, it is recognised 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. The same approach is used in applying the equity method to associates and joint ventures in accordance with.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate in accordance with IAS 21. and IAS 21.42.

**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 (see Presentation of Financial Statements).

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

##### **(b) Foreign currency translation (cont'd)**

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

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
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 derecognized, 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.

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

**(c) Revenue Recognition (cont'd)**

If, at the outset of an arrangement, it is determined that collectability is not probable, the Corporation concludes that the inflow of economic benefits associated with the transaction is not probable, and recognition of revenue is deferred until the earlier of when collectability becomes probable or payment is received. If collectability becomes unlikely before all revenue from an arrangement is recognized, revenue is recognized only to the extent of the fees that are successfully collected unless collectability becomes reasonably assured again. If a customer is specifically identified as a bad debtor, the Corporation stops recognizing revenue from this customer except to the extent of the fees that have already been collected.

Software revenue represents fees earned from the sale or license of software to customers for use on the customer's premises, in other words, where the customer has the right to take possession of the software for installation on the customer's premises (on-premise software). Revenue is recognized in line with the requirements for selling goods stated in IAS 18 (Revenue) when evidence of an arrangement exists, delivery has occurred, the risks and rewards of ownership have been transferred to the customer, the amount of revenue and associated costs can be measured reliably, and collection of the related receivable is reasonably assured. The fee of the sale is recognized net of returns and allowances, trade discounts, and volume rebates. In general, the Corporation's software license agreements do not include acceptance testing provisions. If an arrangement allows for customer acceptance testing of the software, revenue is deferred until the earlier of customer acceptance or when the acceptance right lapses. The Corporation may enter into customer-specific on-premise software development agreements. Software revenue in connection with these arrangements is recognized using the percentage of completion method based on contract costs incurred to date as a percentage of total estimated contract costs required to complete the development work. If there is no sufficient basis to reasonably measure the progress of completion or to estimate the total contract revenue and costs, revenue is recognized only to the extent of the contract costs incurred for which recoverability is believed to be probable. When it becomes that total contract costs exceed total contract revenue in an arrangement, the expected losses are recognized immediately as an expense based on the costs attributable to the contract.

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

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

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

##### **(c) Revenue Recognition (cont'd)**

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.

###### **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.

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

**(d) Taxes (cont'd)**

**Deferred tax (cont'd)**

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.

#### **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. Transaction 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.

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

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

**(i) Financial assets (cont'd)**

**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.

**(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.

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

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

###### **(ii) Financial liabilities (cont'd)**

###### **Impairment**

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 Corporation has applied IFRS 9 retrospectively, but has elected not to restate comparative information as there is no impact on the financial statements of the Corporation from adopting IFRS 9. As a result, the comparative information provided continues to be accounted for in accordance with the Corporation's previous accounting policy which reflects the same measurement of IFRS 9.

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.

##### **(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.

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

**(g) Compound instruments (cont'd)**

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

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

**(h) Derivative financial instruments and hedge accounting**

The Corporation has not entered into any derivative financial instruments and has not applied hedge accounting for the years ending December 31, 2020 and December 31, 2019.

**(i) Treasury shares**

Own equity instruments 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 and equipment**

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses (if any). Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long term construction projects if the recognition criterion are met. When significant parts of property and equipment are required to be replaced in intervals, the Corporation recognizes such parts as individual assets with specific useful lives and depreciation, respectively.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss and comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset, if any, after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

**(j) Property and equipment (cont'd)**

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**

Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of profit and loss and comprehensive income.

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. For the years December 31, 2020 and December 31, 2019, the Corporation did not hold any finance leases.

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

**(l) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that the Corporation incurs in connection with the borrowing of funds. For the years ending December 31, 2020 and December 31, 2019, the Corporation did not capitalize any borrowing cost.

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

**(m) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Certain internally generated intangible assets are capitalized, as they meet the criterion under IAS 38.

**(n) 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.

**(o) Product development costs**

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

Development activities involve a plan or design for the production of a new core of substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. All other development expenditure is recognized in statement of profit and loss and comprehensive income as incurred.

Capitalized development costs (intangible asset) with finite useful lives are amortized over their estimated useful lives. The amortization methods and estimated useful lives of intangible assets are reviewed annually. Intangible assets are tested for impairment as required by IAS 38 and IAS 36 if there are indicators of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the intangible assets or the cash-generating unit exceeds their recoverable amount. Impairment losses are recognized in the statements of comprehensive income. Amortization is provided on a straight line basis over 10 years.

**(p) 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.

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

##### **(p) Impairment of non-financial assets (cont'd)**

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit (CGU). In determining fair value less costs of disposal, an appropriate valuation model is used. The Corporation has cash-generating units which impairment could be tested against. The Corporation had no goodwill or indefinite life intangible assets for the years ending December 31, 2020 and December 31, 2019.

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

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

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

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

##### **(q) 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.

##### **(r) 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.

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

**(r) Provisions (cont'd)**

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

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

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

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

**(s) 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.

**(t) Share-based compensation**

The Corporation has a share-based compensation plan. The Corporation accounts for share-based compensation options granted to employees and consultants using the fair value method. Under this method, compensation expense for share-based compensation granted is measured at the fair value at the grant date, using the Black Scholes option valuation model. In accordance with the fair value method, the Corporation recognizes estimated compensation expense related to share-based compensation over the vesting period of the options granted, with the related credit being charged to capital reserves. Consideration paid by employees on the exercise of share-based compensation is recorded as capital stock and the related share-based compensation is transferred from capital reserves to capital stock.

**5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS**

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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.

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

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.

### **Unbilled revenues**

Unbilled revenue is revenue which had been earned and therefore recognized in compliance with IFRS, but which has not been billed to the client(s) due to contract terms and/or billing cycle. Revenue can be recognized for projects based on time and materials, for professional services or on a percentage of completion basis for product implementation and support. Both can result in unbilled revenue until the customer is invoiced.

### **Impairment of non-financial assets**

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

The cash flows are derived from the Corporation's budget and do not include restructuring activities, if any, that the Corporation is not yet committed to or significant future investments that will enhance the non-financial asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash-generating units may include a sensitivity analysis.

### **Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the range of business relationships and the long term nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Corporation may establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities.

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

**Taxes (cont'd)**

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 to be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Share-based compensation**

The Corporation has a share-based compensation plan. The Corporation accounts for share-based compensation options granted to employees and consultants using the fair value method determined using the Black Scholes option valuation model. The estimated compensation expense related to share-based compensation is recognized over the vesting period of the options granted, with the related credit being charged to contributed surplus. Consideration paid by employees on the exercise of share-based compensation is recorded as capital stock and the related share-based compensation is transferred from capital reserves to capital stock.

**Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Useful life of an intangible asset**

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

**Treatment of development costs**

Costs to develop products are capitalized to the extent that the criteria are met for recognition as intangible assets in accordance with IAS 38. Such criteria require that the product is technically and economically feasible, the 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 April 28, 2021, 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.

## 7. OPERATING SEGMENT INFORMATION

For management purposes, the Corporation is organized into two operating segments.

The Corporation's chief decision makers; the Chief Executive Officer, the President and the Chief Financial Officer, tracks the Corporation's operations by country.

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

### Statement of profit and loss for the year ending December 31, 2020

	NTG Canada	NTG Egypt	Consolidated Total
Revenue	\$ 5,812,568	\$ 2,094,422	\$ 7,906,989
Cost of sales	3,978,860	1,694,496	5,673,356
Gross margin	\$ 1,833,708	\$ 399,926	\$ 2,233,633
Expenses	(3,492,640)	(515,029)	(4,007,669)
Depreciation / Amortization	(22,968)	(18,114)	(41,082)
Gain on sale of licenses to Zaha Tech	-	99,428	99,428
Other income	34,970	51,736	86,706
Accretion	(3,470)	-	(3,470)
Exchange gain (loss) arising on translation	-	533,836	533,836
<b>Total comprehensive income (loss) for the year</b>	<b>\$ (1,650,400)</b>	<b>\$ 551,783</b>	<b>\$ (1,098,617)</b>

### Statement of profit and loss for the year ending December 31, 2019

	NTG Canada	NTG Egypt	Consolidated Total
Revenue	\$ 5,797,047	\$ 2,829,382	\$ 8,626,429
Cost of sales	3,956,218	2,417,245	6,373,463
Gross margin	\$ 1,840,829	\$ 412,137	\$ 2,252,966
Expenses	(8,863,183)	(1,138,106)	(10,001,289)
Depreciation / Amortization	(1,042,292)	(21,365)	(1,063,657)
Foreign taxes	-	245	245
Exchange gain (loss) arising on translation	-	(372,374)	(372,374)
<b>Total comprehensive income (loss) for the year</b>	<b>\$ (8,064,646)</b>	<b>\$ (1,119,463)</b>	<b>\$ (9,184,109)</b>

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

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

December 31, 2020 and 2019

**7. OPERATING SEGMENT INFORMATION (cont'd)**
**Long term asset additions for the year ended December 31, 2020**

	NTG Canada	NTG Egypt	Consolidated Total
<b>Asset additions for the year ending December 31, 2020</b>			
Property and equipment (Note 14)	\$ 2,423	\$ 17,254	\$ 19,677
Intangible assets (Note 15)	860,636	-	860,636
	<b>\$ 863,059</b>	<b>\$ 17,254</b>	<b>\$ 880,313</b>

**Long term asset additions for the year ended December 31, 2019**

	NTG Canada	NTG Egypt	Consolidated Total
<b>Asset additions for the year ending December 31, 2020</b>			
Property and equipment	\$ 961	\$ 10,477	\$ 11,438
Intangible assets	-	-	-
	<b>\$ 961</b>	<b>\$ 10,477</b>	<b>\$ 11,438</b>

**Long term assets for the year ended December 31, 2020**

	NTG Canada	NTG Egypt	Consolidated Total
<b>Assets as at December 31, 2020</b>			
Property and equipment	\$ 52,311	\$ 105,446	\$ 157,757
Intangible assets	860,636	-	860,636
	<b>\$ 912,947</b>	<b>\$ 105,446</b>	<b>\$ 1,018,393</b>

**Long term assets for the year ended December 31, 2019**

	NTG Canada	NTG Egypt	Consolidated Total
<b>Assets as at December 31, 2020</b>			
Property and equipment	\$ 75,278	\$ 103,884	\$ 179,162
Intangible assets	-	-	-
	<b>\$ 75,278</b>	<b>\$ 103,884</b>	<b>\$ 179,162</b>

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

<b>Sales by geographic location for the year ending December 31,</b>	<b>2020</b>	<b>2019</b>
North America	\$ 94,260	\$ 99,833
Saudi Arabia	4,833,090	4,162,964
Egypt	2,094,422	2,829,382
Oman	854,765	812,618
Kuwait	30,452	721,632
	<b>\$ 7,906,989</b>	<b>\$ 8,626,429</b>

**7. OPERATING SEGMENT INFORMATION (cont'd)**

In the past, the majority of the Corporation's revenue was derived from the telecommunication industry. In 2020, the Corporation has been working within the IT field in the banking industry. In 2020, approximately 29% (2019: 14%) of the Corporation's revenue was derived from one customer.

Receivables by segment for the year ending December 31,	2020	2019
Canada	\$ 1,109,826	\$ 1,417,464
Egypt	772,127	929,360
	<b>\$ 1,881,952</b>	<b>\$ 2,346,824</b>

As at December 31, 2020, approximately 25% (2019: 13%) of the Corporation's trade accounts receivable balance was from one customer.

Payables by segment for the year ending December 31,	2020	2019
Canada	\$ 6,768,529	\$ 6,252,065
Egypt	358,430	255,854
	<b>\$ 7,126,959</b>	<b>\$ 6,507,919</b>

Bank indebtedness by segment for the year ending December 31,	2020	2019
Canada	-	-
Egypt	569,734	-
	<b>\$ 569,734</b>	<b>\$ -</b>

**8. INCOME TAXES**

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

**NTG Clarity Networks Inc.**

As at December 31,	2020	2019
Loss before income taxes	\$ (1,650,403)	\$ (8,064,646)
Income tax (recovery) at the combined Canadian federal and provincial tax rate of 26.5%	(437,356)	(2,137,131)
Non-deductible share-based payments	1,245	28,231
Depreciation/amortization of PPE and intangibles	10,887	1,042,292
Non-deductible meals & entertainment expenses	14,322	159,473
Income tax (recovery) not probable to be utilized	410,902	907,135
Income tax (recovery) recognized on the statement of comprehensive income	\$ -	\$ -

**NTG CLARITY NETWORKS INC.**  
**Notes to the Audited Consolidated Financial Statements**  
December 31, 2020 and 2019

**8. INCOME TAXES (cont'd)**

**NTG Egypt Advanced Software**

As at December 31,	2020	2019
Income (loss) before income taxes	\$ 17,947	\$ (1,119,463)
Income tax (recovery) at the combined Egyptian federal and provincial tax rate of 22.5%	4,038	(251,879)
Income tax (recovery) not probable to be utilized	(4,038)	168,095
Income tax (recovery) recognized on the statement of comprehensive income	\$ -	\$ (83,784)

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

As at December 31,	2020	2019
Deferred tax asset in relation to:		
Property and equipment	\$ 161,708	\$ 19,949
Non-capital loss carry-forwards	4,716,990	4,271,126
<b>Deferred tax assets not recognized</b>	<b>4,878,698</b>	<b>4,291,075</b>
Less: Valuation allowance	4,878,698	4,291,075
Deferred tax asset recognized	\$ -	\$ -

The Corporation has available income tax losses in the amounts of \$17,799,962 for the Canadian federal and provincial tax purposes which may be carried forward to reduce future years' taxable income which expire as follows:

2037	\$ 9,282,808
2039	6,834,650
2040	1,682,504
	<b>\$ 17,799,962</b>

**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.

## 9. EARNINGS PER SHARE (cont'd)

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

### As at December 31, 2020

Options – Share-based payments (Note 19(b)) 3,412,000

Note a: Of which 3,262,000 had vested as of December 31, 2020.

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

December 31,	2020	2019
Net earnings (loss) attributable to ordinary equity holders of the parent for basic earnings	\$(1,098,617)	\$(9,184,109)
<b>Net earnings (loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilution</b>	<b>\$(1,098,617)</b>	<b>\$(9,184,109)</b>

December 31,	2020	2019
Weighted average number of common shares outstanding for basic earnings per share (Note 19)	100,102,355	56,102,355
Weighted average number with the effect of dilution on common shares	103,534,355	59,588,956
<b>Income per share (basic)</b>	<b>\$(0.01)</b>	<b>\$(0.16)</b>
<b>Income per share (diluted)</b>	<b>\$(0.01)</b>	<b>\$(0.15)</b>

## 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at banks and on hand in the amount of \$145,224 as at December 31, 2020 (2019: \$31,068).

## 11. TRADE AND OTHER RECEIVABLES

December 31,	2020	2019
Trade receivables	\$ 1,460,810	\$ 1,816,814
Less: Impaired	(15,162)	(15,141)
Trade receivables after impairment	1,445,648	1,801,673
Unbilled revenue	315,171	447,682
Less: Impaired	–	–
Unbilled revenue after impairment	315,171	447,682

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

December 31, 2020 and 2019

December 31,	2020	2019
Total trade receivables and unbilled revenue after impairment	1,760,819	2,249,355
Receivables from tax authorities	228,253	171,354
HST and foreign sales tax receivable (payable)	(233,120)	(82,335)
Other receivables	126,000	8,450
<b>Total trade and other receivables</b>	<b>\$ 1,881,952</b>	<b>\$ 2,346,824</b>

Trade receivables are non-interest bearing and are generally on 30-180 day terms. The Corporation had a provision for bad debt in the amount of \$339,602 (2019: \$2,129,681). The amount relating to impairment of trade receivables is \$339,602 (2019: \$1,322,485) and the amount relating to the impairment of unbilled revenues is \$Nil (2019: \$807,196).

Neither past due nor impaired	2020	2019
Current	\$ 1,057,153	\$ 437,741
31 – 60 days	135,759	803,890
61 – 90 days	88,593	103,966
91 – 180 days	60,655	379,379
<b>Past due but not impaired</b>		
Greater than 180 days	118,650	91,838
	<b>\$ 1,460,810</b>	<b>\$ 1,816,814</b>

Unbilled revenue consists of service revenue that has already been rendered as at December 31, 2020 and recognized in accordance with the Corporation's revenue recognition policy from Note 3.

**12. PREPAID EXPENSES AND DEPOSITS**

December 31,	2020	2019
Prepaid rent	\$ 63,593	\$ 58,398
Prepaid insurance	3,861	58,704
Other prepaids	47	8,307
	<b>\$ 67,501</b>	<b>\$ 125,409</b>

**13. BID/PERFORMANCE BONDS**

At December 31, 2020, of the \$60,233 in bid/performance bonds (2019: \$85,675), \$36,270 (2019: \$36,134) was for one bid bond and two performance bonds in Saudi Arabia (KSA), to guarantee delivery against work on various projects; and \$23,962 (2019: \$49,541) was for various bonds 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.

On December 31, 2019, NTG's advance payment guarantee and performance bond supported by EDC expired, however the customer had until January 31, 2020 to renew or call the bonds. The customer's request to renew the performance bond was refused by the Bank. As no renewal was forthcoming, the bond was called. It was 100% insured by EDC, so the cost was not born by the Corporation.

**NTG CLARITY NETWORKS INC.**  
**Notes to the Audited Consolidated Financial Statements**  
December 31, 2020 and 2019

**13. BID/PERFORMANCE BONDS (cont'd)**

The bonds are non-interest bearing. Premiums for these bonds for the year ended December 31, 2020 were \$831 (2019: \$3,161). Going forward, the Corporation does not currently have an EDC bonding facility.

Performance Bond - Opening Balance January 1,	2020	2019
Saudi Arabia	36,134	\$ 42,991
Egypt	49,541	68,545
Opening Balance - January 1,	85,675	111,536
Additions during the year:		
Saudi Arabia	36,270	36,134
Egypt	23,962	49,541
Total additions during the year	60,233	85,675
Refunded during the year:		
Saudi Arabia	(36,134)	(42,991)
Egypt	(49,541)	(68,545)
Total refunded during the year	(85,675)	(111,536)
Performance Bond - Ending Balance December 31,		
Saudi Arabia	36,270	36,134
Egypt	23,962	49,541
Ending Balance – December 31,	\$ 60,233	\$ 85,675

**14. PROPERTY AND EQUIPMENT**

The amount of borrowing costs capitalized during the year ending Dec. 31, 2020 was \$Nil (2019: \$Nil).

	Furniture and Equipment	Computer Equipment	Computer Software	Total
<b>Cost:</b>				
At January 1, 2019	\$575,421	\$806,554	\$400,996	\$1,782,971
Additions	961	10,477	–	11,438
<b>At December 31, 2019</b>	<b>\$576,382</b>	<b>\$817,031</b>	<b>\$400,996</b>	<b>\$1,794,409</b>
Additions	2,423	17,254	–	19,677
Disposals	–	–	–	–
<b>At December 31, 2020</b>	<b>\$578,805</b>	<b>\$834,285</b>	<b>\$400,996</b>	<b>\$1,814,086</b>
<b>Accumulated depreciation and impairment:</b>				
At January 1, 2019	\$434,631	\$770,051	\$356,309	\$1,560,991
Depreciation for the year	19,357	34,899	–	54,256
<b>At December 31, 2019</b>	<b>\$453,988</b>	<b>\$804,950</b>	<b>\$356,309</b>	<b>\$1,615,247</b>
Depreciation for the year	16,561	24,500	21	41,082
Impairment	–	–	–	–
Disposals	–	–	–	–
<b>At December 31, 2020</b>	<b>\$470,587</b>	<b>\$829,150</b>	<b>\$356,330</b>	<b>\$1,656,067</b>
<b>Net book value:</b>				
At December 31, 2020	108,256	\$4,835	\$44,666	\$157,757
At December 31, 2019	122,394	\$12,081	\$44,687	\$179,162

## NTG CLARITY NETWORKS INC.

### Notes to the Audited Consolidated Financial Statements

December 31, 2020 and 2019

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#### 15. INTANGIBLE ASSETS

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Intangible assets related to the upgrade of the internally developed NTS software product and to the new software product (Stage EM) in 2016 and the Smart2Go platform capitalized in 2020. Expenditures on development of the software are recognized as an asset from the time the Corporation has determined an indefinite future economic benefit exists.

NTS is a retail management software for telecommunication companies. The development costs are determined to have a useful life of 10 years are amortized on a straight line basis. The amount capitalized as at December 31, 2020 is \$Nil (2019: \$Nil) in development costs. During the year, an amortization expense of \$Nil (2019: \$364,418) was recognized. During 2019, the Corporation determined that the asset was impaired and an impairment loss of \$644,985 was recognized (2018: \$Nil). The Corporation had indicators of impairment of the NTS development costs for the period ended December 31, 2019. An impairment test was performed on the non-current assets at year end and the net book value of the development costs was fully impaired.

StageEM is a goal focused integrated software solution that improves organizational efficiency by integrating strategic planning, business planning, demand and capacity management, operation optimizations, portfolio project management and analytics. The development costs are determined to have a useful life of 10 years are amortized on a straight line basis. During 2020, \$Nil was capitalized (2019: \$Nil), and \$Nil was amortized (2019: \$Nil).

An impairment test was performed on the non-current assets at year end and the net book value of the development costs was fully impaired in 2018.

Smart2Go will expedite and facilitate the digital transformation journey for enterprises in all business verticals. It enables enterprises to automate their processes and create applications without need for development. Smart2Go offers the future of rapid application development with different output format. It is a powerful development tool without the need for knowledge of development languages. Smart2Go is built on NTG's proven workflow technology and provides both a portal and mobile apps for its users. NTG will provide its Smart2Go platform and its associated marketplace of the applications developed on it, on the cloud, software-as-a-service or on premise for its large enterprise customers.

The platform allows users to graphically build new screens, define and apply business rules, and create required workflow. In addition, one of the most powerful features of Smart2Go is the ease of integration with other systems such as ERPs, CRMs, financial systems, engineering systems etc. With a mouse click, supporting various popular integration protocols such as SOAP, REST and others. The development costs are determined to have a useful life of 10 years are amortized on a straight line basis. During 2020, \$860,636 was capitalized (2019: \$Nil), \$Nil was amortized (2019: \$Nil).

**NTG CLARITY NETWORKS INC.**  
**Notes to the Audited Consolidated Financial Statements**  
December 31, 2020 and 2019

**15. INTANGIBLE ASSETS (cont'd)**

	Smart2Go Development Costs	NTS Development Costs	Total
<b>Cost:</b>			
At January 1, 2019	\$ -	\$ 3,644,168	\$ 3,644,168
Additions	-	-	-
Disposals	-	-	-
<b>At December 31, 2019</b>	<b>\$ -</b>	<b>\$ 3,644,168</b>	<b>\$ 3,644,168</b>
Additions	860,636	-	860,636
Disposals	-	-	-
<b>At December 31, 2020</b>	<b>\$ 860,636</b>	<b>\$ 3,644,168</b>	<b>\$ 4,504,804</b>
<b>Accumulated amortization and impairment:</b>			
At January 1, 2019		\$ 2,634,767	\$ 2,634,767
Amortization charge for the year	\$ -	364,417	364,417
Impairment	-	644,985	644,985
Disposals	-	-	-
<b>At December 31, 2019</b>	<b>\$ -</b>	<b>\$ 3,644,168</b>	<b>\$ 3,644,168</b>
	-	-	-
Amortization charge for the year	-	-	-
Impairment	-	-	-
Disposals	-	-	-
<b>At December 31, 2020</b>	<b>\$ -</b>	<b>\$ 3,644,168</b>	<b>\$ 3,644,168</b>
<b>Net book value:</b>			
At December 31, 2020	\$ 860,636	\$ -	\$ 860,636
At December 31, 2019	\$ -	\$ -	\$ -

**16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

December 31,	2020	2019
Trade payables	\$ 3,724,219	\$ 3,458,701
Accrued liabilities	276,361	85,949
Related parties payable	148,127	446,003
Taxes payable	60,617	50,457
Other accounts payable	2,917,635	2,466,809
	<b>\$ 7,126,959</b>	<b>\$ 6,507,919</b>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing
- Accrued liabilities are non-interest bearing
- Related parties payables are non-interest bearing and have no specified terms of repayment.

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

December 31, 2020 and 2019

**17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES****(a) Other financial liabilities****Indebtedness**

<b>December 31,</b>	<b>2020</b>	<b>2019</b>
Long-term debt (i)	\$ 7,189,285	\$ 7,100,712
CEBA loan (Note 18)	\$ 28,499	\$ –
	<b>\$ 7,217,784</b>	<b>\$ 7,100,712</b>

(i) On September 16, 2019, the Corporation received a formal demand for payment of its Bank facilities, requesting payment in full within ten (10) days. After significant negotiations, the Bank assigned the Bank Indebtedness and the Security to 2729252 Ontario Inc., a company, controlled by Ashraf Zaghloul, NTG CEO and Kristine Lewis, NTG President.

Effective December 16, 2019, all the rights, title and interest of the Bank in the Indebtedness and the Security together the full benefit of all powers and all covenants and provisions contained in the Security were assigned to the above company. The Indebtedness remains secured by a General Security Agreement over the assets of the Corporation and has an interest rate of bank prime plus 2.05%. There are no specific repayment terms. The Corporation recognized interest expense of \$49,822.56, which is included in accounts payable and accrued liabilities.

**Bank indebtedness**

<b>December 31,</b>	<b>2020</b>	<b>2019</b>
Bank indebtedness	\$ 569,734	\$ –

As of December 31, 2020, NTG Egypt Advanced Software had an overdraft facility with QNB bank in Egypt in the amount of 7,027,683 Egyptian pounds (approximately \$569,734) with an interest rate of 18%.

**Performance bonds**

As of December 31, 2019, the Corporation had one advance payment guarantee, and one performance bond issued in the amount of approximately \$151,672. The bonds were financed by a Canadian financial institution and supported and insured by EDC, with a renew or expire date of January 31, 2020. In January 2020, the customer's request to renew the one performance bond was refused by the Bank. As no renewal was forthcoming, the performance bond was called. The bond is insured by EDC, so no significant cost were born by the Corporation. Premiums for these bonds for the year ended December 31, 2019 were \$3,161 (2018: \$12,042).

The Corporation does not currently have a bonding facility.

**17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)**

**(b) Fair values**

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

	Carrying Amount		Fair Value	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Financial assets</b>				
Cash and cash equivalents	\$ 145,224	\$ 31,068	\$ 145,224	\$ 31,068
Trade and accounts receivable	1,881,952	2,346,824	1,881,952	2,346,824
Bid/performance bonds	60,233	85,675	60,233	85,675
<b>Total Financial Assets</b>	<b>\$2,087,409</b>	<b>\$2,463,567</b>	<b>\$2,087,409</b>	<b>\$2,463,567</b>

	Carrying Amount		Fair Value	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$7,126,959	\$6,507,919	\$7,126,959	\$6,507,919
Bank indebtedness	569,734	-	569,734	-
Due to related parties	-	566,699	-	566,699
Long-term debt	7,217,784	7,100,712	7,217,784	7,100,712
<b>Total Financial Liabilities</b>	<b>\$14,914,477</b>	<b>\$14,175,330</b>	<b>\$14,914,477</b>	<b>\$14,175,330</b>

The fair value of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in an orderly transaction between market participants in an arm's length transaction at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Trade and other accounts receivables, accounts payable and accrued liabilities, other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.
- Fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments and other financial liabilities (loans payable) are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk, and remaining maturities.

**Fair value hierarchy**

As at December 31, 2020, 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.****Notes to the Audited Consolidated Financial Statements**

December 31, 2020 and 2019

**17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)****(b) Fair value hierarchy (cont'd)**

- **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.

<b>Assets measured at fair value</b>	<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 145,224	\$ 145,224	\$ –	\$ –
<b>No liabilities were measured at fair value</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>

During the reporting year ending December 31, 2020, 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.

**18. GOVERNMENT GRANT**

The Corporation has received CAD\$60,000 for the Canadian Emergency Business Account (CEBA) loan. The loan amount is interest-free and CAD\$20,000 is forgivable if the CAD\$40,000 amount is paid by December 31, 2022, after which the full amount is subject to a 5% annual interest rate and due on December 31, 2025. Initial recognition of the CAD\$60,000 was at its fair value at a discount rate of 19.99%, representing the Corporation's estimated unsecured credit risk.

The Corporation recognized CAD\$28,500 as debt and CAD\$31,500 was recognized as a government grant income for the year ended December 31, 2020.

**19. EQUITY INSTRUMENTS****(a) Common shares**

As at December 31, 2020, the authorized share capital consists of an unlimited number of first preferred shares, second preferred shares and common shares. To date, no first or second preferred shares have been issued.

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

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

## 19. EQUITY INSTRUMENTS (cont'd)

### (a) Common shares (cont'd)

	Common Shares	Amount
Balance, January 1, 2019	48,662,355	\$ 9,752,186
Shares issued on exercise of share options (i)	240,000	24,000
Allocation of contributed surplus (i)	–	12,000
Shares issued on debt for shares transaction (ii)	7,200,000	360,000
<b>Balance, December 31, 2019</b>	<b>56,102,355</b>	<b>\$ 10,148,186</b>
Shares issued on exercise of share options	–	–
Allocation of contributed surplus	–	–
Shares issued on debt for shares transaction (iii)	44,000,000	660,000
<b>Balance, December 31, 2020</b>	<b>100,102,355</b>	<b>\$ 10,808,186</b>

- (i) In 2019, a total of 240,000 options were exercised, with a total value of \$24,000. This resulted in a re-allocation of contributed surplus to capital stock in the amount of \$12,000.
- (ii) In 2019, the Corporation offered employees and consultants the opportunity to participate in debt for shares private placement. Subsequent to TSX approval, on February 28, 2019, the Corporation closed the offering and issued 7,200,000 common shares at \$0.05 per share for a total value \$360,000. 5,160,000 of these shares were issued to directors of the Corporation.
- (iii) In 2020, the Corporation offered employees and consultants the opportunity to participate in debt for shares private placement. Subsequent to TSX approval, on May 6, 2020, the Corporation closed the offering and issued 44,000,000 common shares at \$0.015 per share for a total value \$660,000. 18,600,000 of these shares were issued to directors of the Corporation.

### (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 nonassignable. The options generally expire three to five years subsequent to the date of grant and vest over two years.

No options were granted to non-employees during 2020 and 2019.

Details of stock options are as follows:

	Options	Weighted average exercise price
Balance, 1 January 2019	3,570,000	\$ 0.10
Granted	1,670,000	\$ 0.10
Exercised	(240,000)	0.10
Expired	(1,363,000)	0.10

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

December 31, 2020 and 2019

	Options	Weighted average exercise price
<b>Balance, December 31, 2019</b>	<b>3,637,000</b>	<b>\$ 0.10</b>
Granted	500,000	\$ 0.05
Exercised	–	0.00
Expired	(725,000)	0.10
<b>Balance, December 31, 2020</b>	<b>3,412,000</b>	<b>\$ 0.10</b>

The stock options expire at various dates between January 2021 and December 2025. The weighted average expected contractual lives of outstanding and exercisable options are as follows:

Exercise Price	Options Outstanding		Options Exercisable	
	Number of outstanding Dec 31/19	Expected life of option (years)	Number of outstanding Dec 31/19	Expected life of option (years)
\$ 0.05	500,000	4.89	350,000	4.88
\$ 0.10	2,912,000	1.02	2,912,000	1.02
<b>Total</b>	<b>3,412,000</b>	<b>2.96</b>	<b>3,262,000</b>	<b>2.95</b>

Activity related to share-based compensation is as follows:

For the year ending December 31, 2020 the Corporation recorded \$4,699 (2019: \$28,231) as contributed surplus and compensation expense, which is measured at fair value at the date of grant and is expensed over the option's vesting year. The weighted average fair value of options granted during the year 2020 is \$0.01 (2019: \$0.01).

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:

	2020	2019
Stock price	\$0.03	\$0.01
Risk-free interest rate	0.09 – 0.15%	1.45 – 1.66%
Expected life (years)	5 years	3 years
Expected dividend yield	0%	0%
Expected volatility	0.0 – 109.4%	0.0 – 135.35%
Fair value of options issued in fiscal year	0.01	0.01

On October 8, 2019, the Investment Industry Regulatory Organization of Canada (IIROC) halted trading for the Corporation citing the reason as "Pending Company Contract." On February 3, 2020 trading resumed after the required TSX review.

## 20. CONTRIBUTED SURPLUS

Contributed surplus for the year ending consisted of \$4,699 (2019: \$28,231) for share-based payments and re-allocation of contributed surplus on exercise of share options \$Nil (2019: \$12,000).

Opening balance January 1, 2020	\$ 1,804,824
Share-based payments	4,699
Reallocation on exercise of share options	–
<b>Balance as at December 31, 2020</b>	<b>\$ 1,809,523</b>

## 21. DIVIDENDS PAID AND PROPOSED

### Cash dividends

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

## 22. COST OF SALES

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

Cost of sales	2020	2019
Salaries	\$ 5,223,849	\$ 5,492,507
Travel	123,344	323,345
Hardware	240,393	168,752
Other	85,770	388,859
<b>Total</b>	<b>\$ 5,673,356</b>	<b>\$ 6,373,463</b>

## 23. EXPENSES: DISCLOSURE OF FUNCTION EXPENSES

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

Selling	2020	2019
Salary and wages	\$ 670,145	\$ 1,621,273
Marketing	186,217	316,816
Mailing and courier	5,534	5,787
Professional services	39,485	45,104
Meals and entertainment	54,046	318,947
Miscellaneous	–	8,906
<b>Total</b>	<b>\$ 955,428</b>	<b>\$ 2,316,833</b>

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

December 31, 2020 and 2019

**23. EXPENSES: DISCLOSURE OF FUNCTION EXPENSES (cont'd)**

General and Administrative	2020	2019
Salary and wages	\$ 1,364,997	\$ 3,046,491
Occupancy	222,847	282,678
Consulting	99,800	104,708
Professional fees	120,645	119,689
Bid/performance bond fees	831	3,161
Insurance	242,299	426,653
Dues and subscriptions	25,690	23,228
Penalties and fees	37,245	31,264
Office and General	238,735	25,560
<b>Total</b>	<b>\$ 2,353,089</b>	<b>\$ 4,063,432</b>

**24. LOANS PAYABLE**

During the year, the Corporation had a non-secured loan agreement in the amount of \$58,400 at an interest rate of 2.74% that was payable by February 25, 2021. Subsequent to year end, in Q1 2021, the full amount plus interest was repaid.

During the year, the Corporation entered into an agreement for funding of a project in the amount of \$266,667. The agreement states that the lender will be paid 37% for one-sixth of the profit from the project. This transaction does not qualify as a joint arrangement or a principal-agent relationship. The amount is non-secured, and is payable by August 31, 2021. The Corporation accrued interest in the amount of \$40,000.

The Corporation entered had a loan agreement in the amount of \$100,000 at an interest rate of 11%. The amount is non-secured, and had no specific terms of repayment. The Corporation accrued interest of \$11,000. Subsequent to year end, in Q1 2021, the full amount plus interest was repaid.

**25. 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 years:

	Interest Received	Amounts Owed by Related Parties	Amounts Owed to Related Parties
Loans from/to shareholders			
December 31, 2020	-	\$ -	\$ -
December 31, 2019 (Refer to Note (e) below)	-	\$ -	\$ 831,717

**25. RELATED PARTY DISCLOSURES (cont'd)**

	Interest Received	Amounts Owed by Related Parties	Amounts Owed to Related Parties
Loans from/to shareholders			
December 31, 2020	–	\$ –	\$ –
December 31, 2019 (Refer to Note (e) below)	–	\$ –	\$ 831,717
Key management personnel of the Corporation:			
December 31, 2020 (i)	–	\$ –	\$ 1,581,349
December 31, 2019	–	\$ –	\$ 1,256,417
<b>Key management compensation</b>		<b>2020</b>	<b>2019</b>
Short term employee benefits		\$ 117,560	\$ 748,100
Share-based payments		–	2,000
<b>Total</b>		<b>\$ 117,560</b>	<b>\$ 750,100</b>

(i) No salaries were accrued or paid to management in Q2-Q4 2020. Management is owed a total of \$1,581,349 for unpaid salaries, expenses, benefits and compensation, outstanding since 2016. These amounts are part of Other Accounts Payable in Note 16.

**b) The Ultimate Parent**

The Corporation is the ultimate parent entity.

**Related Party Transactions**

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

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

c) During the year ended December 31, 2020 the directors and key management were awarded share options under the Corporation's incentive stock option plan with a fair value of \$1,000 (2019: \$1,650).

On November 29, 2019, the Corporation entered into an Assignment of Debt and Security agreement with Royal Bank of Canada and 2729252 Ontario Inc. The debt amount of \$7,100,712 was assigned to 2729252 Ontario Inc., which is a private company owned by two directors of the Corporation. See Note 17 (a) for more information. All terms remain the same as with the Bank. The Indebtedness held by the Company is secured by a General Security Agreement over the assets of the Corporation. As of December 31, 2020, the loan amount is \$7,189,285 (2019: \$7,100,712).

**d) Entity with significant influence over the Corporation**

No single entity or party has significant influence over the Corporation. As at December 31, 2020 the Corporation has 100,102,355 common shares outstanding.

## NTG CLARITY NETWORKS INC.

### Notes to the Audited Consolidated Financial Statements

December 31, 2020 and 2019

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#### 25. RELATED PARTY DISCLOSURES (cont'd)

Related parties (direct and indirect) holdings are as follows:

Ashraf Zaghoul, CEO	18,048,729
Kristine Lewis, CFO	15,526,749
Mohamed Adel Zaghoul	9,690,000
Mohammed Saleem Siddiqi	150,000
Nick Hamilton-Piercy	310,714

#### Terms and conditions of transactions with related parties

The Corporation's credit facilities were with RBC Royal Bank until December 23, 2019, when it was transferred to a Company, controlled by two directors of the Corporation. The Bank assigned to the company, 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 Indebtedness is secured by a General Security Agreement over the assets of the Corporation. See Note 17 (a) for more information.

There have been no guarantees provided or received for any related party receivables or payables, other than the Indebtedness described above. All other transactions with the related parties are carried out in the normal course of operations, and are recorded at fair value.

- e) In November 2019, NTG Egypt Advanced Software, a subsidiary of the Corporation, received a non-interest bearing and unsecured loan from a Director of the Corporation. The loan amount was 7,000,000 Egyptian Pounds, translated to \$566,699, bears interest at 18%, and is repayable on demand. This loan has been converted into a line of credit with QNB Bank in Egypt under the same terms and conditions. See Note 17 "Bank Indebtedness" for details.

#### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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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.

**26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**

All derivative activities, if any, for risk management purposes are carried out by a team that has the appropriate skills, experience, and supervision. It is the Corporation's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

**Market risk**

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

**Interest rate risk**

The Corporation's exposure to interest rate fluctuations is primarily interest paid on its bank indebtedness and long-term loans. The Corporation has performed sensitivity analysis on interest rates at December 31, 2020 to determine how a change in interest rates would impact equity and net loss. During the year, the Corporation paid \$268,957 (2019: \$946,881) on its loans and liabilities. An increase or decrease of 100 basis points in the average interest rate paid during the period would have adjusted net earnings by approximately \$26,896 (2019: \$94,688). This analysis assumes that all other variables remain constant.

**Foreign currency risk**

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

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

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to the risk of changes in foreign exchange rates relates primarily to the Corporation's operating activities, when revenue or expenses are denominated in a different currency from the Corporation's functional currency. The parent entity's functional currency is the Canadian dollar. A 10% change in exchange rates on December 31, 2020 would have the following approximate impacts:

	U.S. Dollar	Omani Riyal	Kuwait Dinar	Saudi Riyal	Qatari Riyal	Egyptian Pound
<b>10% impact to:</b>	<b>USD</b>	<b>OMR</b>	<b>KWD</b>	<b>SAR</b>	<b>QAR</b>	<b>LE</b>
P&L in CAD	79,287	7,938	43,299	60,018	11	25,459
Equity in CAD	58,276	5,834	31,825	44,113	8	18,712

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

December 31, 2020 and 2019

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

A 10% change in exchange rates on December 31, 2019 would have the following approximate impacts:

	U.S. Dollar	Omani Riyal	Kuwait Dinar	Saudi Riyal	Qatari Riyal	Egyptian Pound
10% impact to:	USD	OMR	KWD	SAR	QAR	LE
P&L in CAD	50,385	701	25,734	11,925	316	54,175
Equity in CAD	37,033	515	18,915	8,765	233	39,819

**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. In 2019, the Corporation also mitigated credit risk through credit insurance coverage with Export Development Canada and Euler Hermes Canada as explained in Note 26.

The aging of trade accounts receivable are as follows:

Neither past due nor impaired	2020	2019
Current	\$ 1,057,153	\$ 437,741
31 – 60 days	135,759	803,890
61 – 90 days	88,593	103,966
91 – 180 days	60,655	379,379
<b>Past due but not impaired</b>		
Greater than 180 days	118,650	91,838
	<b>\$ 1,460,810</b>	<b>\$ 1,816,814</b>

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. As at December 31, 2020, the Corporation had no insured receivables or insured unbilled revenue (2019: \$Nil).

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Corporation manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Corporation continuously reviews both actual and forecasted cash flows to ensure that the Corporation has appropriate capital capacity.

The following table summarizes the amount of contractual undiscounted future cash flow requirements for financial instruments as at December 31, 2020:

<b>Contractual obligations</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 and after</b>	<b>Total</b>
Operating line of credit	\$ 569,734	\$ –	\$ –	\$ –	\$ 569,734
Accounts payable and accrued liabilities	7,126,959	–	–	–	7,126,959
Operating lease	184,455	105,878	5,371	3,000	298,704
Long-term debt	7,217,784	–	–	–	7,217,784
Loans payable	659,547	–	–	–	659,547

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

The aging of trade accounts payable are as follows:

<b>December 31,</b>	<b>2020</b>	<b>2019</b>
Current	\$ 800,211	\$ 419,918
31 – 60 days	109,175	103,642
61 – 90 days	30,732	131,302
91 – 180 days	98,235	583,163
More than 180 days	2,685,866	2,220,676
	<b>\$ 3,724,219</b>	<b>\$ 3,458,701</b>

### Capital management

The Corporation manages its capital, which consists of cash provided from operations and long term debt, with the primary objective being safeguarding sufficient working capital to sustain operations. The Board of Directors has not established capital benchmarks or other targets. As at December 31, 2020, the Corporation was pursuing additional capital through the issuance of additional equity or debt financing. There can be no guarantee that they will be successful in raising additional capital.

There have been no changes in the Corporation's approach to capital management during the year ending December 31, 2020. Also, no changes were made in the objectives, policies, or processes during the year ending December 31, 2020. The Corporation will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Corporation's strategy, economic conditions, and the risk characteristics of the business. The Corporation's objectives when managing capital are to:

**26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**

**Capital management (cont'd)**

- (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.

**27. COMMITMENTS, CONTINGENCIES, AND GUARANTEES**

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**Export Development Canada**

The Corporation had an agreement with EDC whereby EDC agreed to provide ninety percent (90%) insurance coverage (Accounts Receivable Insurance "ARI") for the Corporation's invoiced sales and 75% of pre-shipment costs. The EDC ARI policy was cancelled as of November 1, 2018, however the pre-shipping insurance continued at the Bank's request, until the Indebtedness and Security was assigned to a 2729252 Ontario Inc. (effective December 16, 2019).

At December 31, 2019, the insurance claim submitted to EDC in the amount of US\$184,556 for an overdue accounts receivable with one of the Corporation's customers was ongoing. Subsequent to year end, in January 2020, EDC approved payment of the claim, less a C\$150,000 deductible. In February 2020, a payment of \$60,911.53 USD was made to RBC Royal Bank.

**Euler Hermes Canada**

The Corporation had a Credit Insurance agreement with Euler Hermes whereby they agreed to provide ninety percent (90%) insurance coverage for the Corporation's invoiced sales and work in progress. Coverage was based on customers approved by Euler Hermes. The policy period was from November 1, 2018 to October 31, 2019. The Corporation did not renew this insurance due to cash flow.

During the year ended December 31, 2019, the Corporation recorded total premiums of \$704 and \$141,646 in prepaid and general and administration expenses.

**Operating lease commitments – Corporation as lessee**

The Corporation is committed under agreements for the rental of office space in Canada at a monthly rate of \$9,232 for the period from June 1, 2016 to May 31, 2021.

On April 6, 2020, the Corporation signed a Forbearance Agreement with its Canadian landlord where the Corporation agreed to pay \$5,200 per month and defer the balance of the rent. The Corporation will use its best efforts to pay additional amounts against the accruing balance.

**27. COMMITMENTS, CONTINGENCIES, AND GUARANTEES (cont'd)**

**Operating lease commitments – Corporation as lessee (cont'd)**

The Corporation is committed under agreements for the rental of office spaces in Egypt and Oman at a monthly rate ranging from \$1,960 to \$3,117 for the periods from October 20, 2018 to January 14, 2023.

The lease commitments for the office premises are as follows:

<b>December 31, 2020</b>	
2021	\$ 184,455
2022	105,878
2023	5,371
2024 and thereafter	3,000
	<b>\$ 298,704</b>

**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. In March 2020, the Corporation was unable to renew its Directors and Officers insurance.

**28. COLLATERAL**

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The Corporation has pledged its assets under a General Security Agreement ("GSA") as disclosed in Note 17. The Corporation did not hold collateral at December 31, 2020, and December 31, 2019.

**29. SALE OF ENTERPRISE LICENSES**

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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. 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.

**NTG CLARITY NETWORKS INC.****Notes to the Audited Consolidated Financial Statements**December 31, 2020 and 2019

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**29. SALE OF ENTERPRISE LICENSES (cont'd)**

Upon execution of the agreement, both the Corporation and the company would own a copy of the software listed (NTS UBS and HMIS), and both Parties would own the Copyright and Intellectual Property of their software copy. Either Party is free without any limitations whatsoever, to license their source code and the right to reproduce work, create derivative works, distribute and sell copies of the software worldwide without the consent of the other Party. Each Party could sell their interest, in whole or in part of their owned software to a 3<sup>rd</sup> Party without the consent of the other Party. The carrying value of these intangible assets was zero, thus, the full proceeds of EGP 1,200,000 (approximately \$99,428) has been fully recognized as other income in the consolidated statements of profit and loss and comprehensive income .

Upon signing of the Agreement, Zaha Tech will be the sole and exclusive provider of all support to all current customers for a period of 30 months. NTG invoices the customers and retains a 10% fee upon collection of the dues from these customers, and recognizes revenue on a Net basis. During the year, the corporation recognized net revenue of \$72,485 under these contracts.

**30. COMPARATIVE FIGURES**

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Certain of the 2019 figures have been reclassified to conform with the current year's financial statement presentation.

## Corporate Information

### **Board of Directors**

Ashraf Zaghloul  
Kristine Lewis  
Mohamed Saleem Siddiqi  
Syed Zeeshan Hasnain

### **Officers**

Ashraf Zaghloul  
*Chair & Chief Executive Officer*

Kristine Lewis  
*President & Chief Financial Officer*

### **Registrar and Transfer Agent**

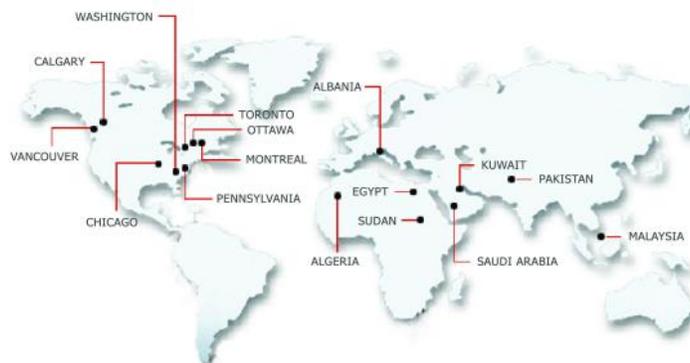
**Computershare Investor Services**  
100 University Ave., 8th Floor, North Tower  
Toronto, Ontario M5J 2Y1  
Telephone: 1-800-564-6253  
Fax: 1-888-453-0330

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Telephone: (905) 415-2511  
Fax: (905) 415-2011

### **Legal Counsel**

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Calgary, Alberta T2P 0R3  
Telephone: (403) 232-9500  
Fax: (403) 266-1395



### **International Work**

### **Stock Exchange Listing**

The TSX Venture Exchange  
Trading Symbol: NCI

### **Investor Relations**

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