

**NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2025**



**LUO & ASSOCIATES**  
CPA PROFESSIONAL CORPORATION

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# **NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.**

## **FINANCIAL STATEMENTS**

**MARCH 31, 2025**

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CPA PROFESSIONAL CORPORATION



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## INDEPENDENT AUDITORS' REPORT

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To the Shareholder of **Newgen Software Technologies Canada, Ltd.**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Newgen Software Technologies Canada, Ltd.** (the Company), which comprise the balance sheet as at March 31, 2025, the statement of income and retained earnings, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises ("ASPE").

#### 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.

#### Responsibility of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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:



**LUO & ASSOCIATES**  
CPA PROFESSIONAL CORPORATION  
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- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Luo & Associates CPA Professional Corporation*

Richmond Hill, Canada  
April 28, 2025

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**LICENSED PUBLIC ACCOUNTANTS**  
Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario

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# NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.

## BALANCE SHEET

As at March 31

2025

2024

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### ASSETS

#### Current

Cash and cash equivalents	\$ 787,296	\$ 1,072,912
Short-term investments (Note 2)	868,497	-
Accounts receivable (Note 3)	131,617	114,955
Income tax recoverable	472	-
Prepaid expenses and sundry	32,130	238,473

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1,820,012 1,426,340

#### Equipment (Note 4)

3,031 6,882

#### Incorporation costs (Note 5)

- 291

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\$ 1,823,043 \$ 1,433,513

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### LIABILITIES

#### Current

Accounts payable and accrued liabilities	\$ 344,339	\$ 189,425
Government remittances payable	11,021	14,575
Income taxes payable	-	12,489
Deferred revenue	510,196	421,097

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865,556 637,586

### SHAREHOLDER'S EQUITY

#### Share capital

1,000,000 Common shares 100,000 100,000

#### Retained earnings

857,487 695,927

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957,487 795,927

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\$ 1,823,043 \$ 1,433,513

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*The accompanying notes are an integral part of the financial statements*

Approved on behalf of the Board

Director

Director

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**NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.****STATEMENT OF INCOME AND RETAINED EARNINGS****For the year ended March 31****2025****2024**

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**Revenue**

Sales	\$ 2,361,716	\$ 2,371,491
Foreign exchange gain (loss)	49,312	(4,579)
	<b>2,411,028</b>	<b>2,366,912</b>

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**Expenses**

Wages and benefits	1,635,639	1,538,758
Sub-contracts <i>(Note 8)</i>	189,674	128,926
Travel	92,112	145,116
Management fees <i>(Note 8)</i>	85,138	116,898
Occupancy costs	68,573	64,677
Commissions	51,643	23,521
Office and general <i>(Note 8)</i>	29,361	65,721
Telephone	23,623	20,361
Professional fees	22,901	19,817
Bank charges and interest	2,635	4,028
Advertising and promotion	-	29,914
Consulting fees	-	5,538
Amortization	4,143	4,352
	<b>2,205,442</b>	<b>2,167,627</b>

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<b>Income from operations</b>	<b>205,586</b>	<b>199,285</b>
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**Other income**

Interest income	14,797	25,594
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<b>Income before income taxes</b>	<b>220,383</b>	<b>224,879</b>
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<b>Provision for income taxes <i>(Note 6)</i></b>	<b>58,823</b>	<b>59,295</b>
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<b>Net income</b>	<b>161,560</b>	<b>165,584</b>
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<b>Retained earnings, beginning of year</b>	<b>695,927</b>	<b>530,343</b>
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<b>Retained earnings, end of year</b>	<b>\$ 857,487</b>	<b>\$ 695,927</b>
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*The accompanying notes are an integral part of the financial statements*

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**NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.****STATEMENT OF CASH FLOWS****For the year ended March 31****2025****2024**

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**CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:****OPERATING ACTIVITIES**

Net income	\$ 161,560	\$ 165,584
Add: items not involving cash		
Amortization	4,143	4,352
	<b>165,703</b>	169,936
<b>Changes in non-cash working capital items</b>		
Accounts receivable	(16,662)	123,893
Prepaid expenses and sundry	206,343	(197,987)
Accounts payable and accrued liabilities	154,913	(19,898)
Government remittances payable	(3,554)	(11,420)
Income taxes payable	(12,961)	(9,938)
Deferred revenue	89,099	89,717
	<b>582,881</b>	144,303

**INVESTING ACTIVITIES**

Short-term investments	(868,497)	-
Purchase of equipment	-	(9,090)
	<b>(868,497)</b>	(9,090)

**Net increase (decrease) in cash** (285,616) 135,213

**Cash and cash equivalents, beginning of year** 1,072,912 937,699

**Cash and cash equivalents, end of year** \$ 787,296 \$ 1,072,912

**Represented by:**

Cash	\$ 637,286	\$ 653,790
Guaranteed investment certificate - redeemable	150,010	419,122
	<b>\$ 787,296</b>	<b>\$ 1,072,912</b>

*The accompanying notes are an integral part of the financial statements*

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# **NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.**

## **NOTES TO FINANCIAL STATEMENTS**

### **For the year ended March 31, 2025**

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**Newgen Software Technologies Canada, Ltd.** ("the Company") was incorporated under the laws of the Province of Ontario on April 26, 2012. The Company is a subsidiary of Newgen Software Technologies Limited, which is incorporated and listed in India. The company is located in Ontario and provides software development, engineering and technical support services and solutions license subscription to its customers across Canada.

#### **1. Summary of significant accounting policies**

The financial statements of the Company have been prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies followed by the Company are summarized below:

##### **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates including those related to impairment of financial assets, useful life of equipment, accrual of liabilities and deferred revenue.. Management believes that the estimates and assumptions used in preparing its financial statements are reasonable and prudent; however, actual results could differ from those estimates.

##### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with liquidity and original maturities of three months or less.

##### **Short-term investments**

Short-term investments, consisting principally of guaranteed investment certificates, are stated at fair value, which is the face value plus accrued interest.

##### **Accounts receivable**

Accounts receivable are stated at amounts due, net of provision for amounts estimated to be uncollectible.

##### **Equipment**

Equipment is stated at cost less accumulated amortization. Amortization is provided over the estimated useful lives at the following rates and methods:

Computer equipment	-	straight line over 3 years
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##### **Deferred revenue**

Deferred revenue represents the amount of revenue collected with respect to the license subscription period subsequent to the year-end.



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**NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended March 31, 2025**

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**1. Summary of significant accounting policies *(continued)***

**Revenue recognition**

Revenue for product engineering and support services is accounted for when there is persuasive evidence that an arrangement exists, the services have been rendered to the customers, the price is fixed or determinable, and collection is reasonably assured.

Revenue from solutions license subscription is recognized on a straight-line basis, whereby the total amount of cash to be received under a subscription agreement is recognized into income in equal periodic amounts over the term of the subscription agreement.

The Company records interest income on the accrual basis.

**Income taxes**

The Company uses the taxes payable method of accounting for income taxes. Under this method, the Company reports as an expense (income) of the period only the cost (benefit) of current income taxes payable determined in accordance with the rules established by taxation authorities.

**Translation of foreign currencies**

The Company uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate in effect at the date of transaction. Revenues and expenses are translated at the average exchange rates prevailing during the year, except for amortization which are translated at historic rates. Exchange gains or losses are included in the statement of income.

**Measurement of financial instruments**

The Company initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Company subsequently measures all its financial assets and liabilities at cost or amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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**NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended March 31, 2025**

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**1. Summary of significant accounting policies** (*continued*)

**Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

**2. Short-term investments**

	2025	2024
Non-redeemable guaranteed investment certificate in the principal of US\$300,000, earning interest at 2.6% per annum and maturing May 2025	\$ 436,462	\$ -
Non-redeemable guaranteed investment certificate in the principal of US\$300,000, earning interest at 2.95% per annum and maturing July 2025	432,035	-
At market value	\$ 868,497	\$ -

**3. Accounts receivable**

	2025	2024
Trade receivable	\$ 140,465	\$ 123,803
Provision for impairment	(8,848)	(8,848)
	\$ 131,617	\$ 114,955

**4. Equipment**

			2025	2024
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 11,556	\$ 8,525	\$ 3,031	\$ 6,882

Amortization expense for the year amounted to \$3,851 (\$3,852 for 2024).

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**NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended March 31, 2025**

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**5. Incorporation costs**

	2025	2024
Cost	\$ 4,791	\$ 4,791
Accumulated amortization	(4,791)	(4,500)
	\$ -	\$ 291

Amortization expense for the year amounted to \$291 (\$500 for 2024).

**6. Income tax**

The Company accounts for income taxes using the taxes payable method. The reconciliation of income tax computed at statutory rates to the provision for income taxes are as follows:

	2025	2024
Income (loss) before income taxes	\$ 220,383	\$ 224,879
Combined corporate income tax rate (%)	26.50	26.50
Computed income tax expense	58,401	59,592
Increase (decrease) in taxes resulting from:		
Tax on CCA in excess of amortization	422	(297)
Income tax expense	\$ 58,823	\$ 59,295

**7. Financial instruments**

The Company is exposed to various risks through its financial instruments, without being exposed to concentration of risk. The following analysis provides a measure of the Company's risk exposure as at March 31, 2025.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company does not have significant liabilities owing to third parties, and therefore, is not exposed to significant liquidity risk.

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# **NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.**

## **NOTES TO FINANCIAL STATEMENTS**

### **For the year ended March 31, 2025**

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#### **Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk relate to its accounts receivable by providing credit to its customers in the normal course of operations. For these and other debts, the Company determines on a continuing basis, the probable losses and sets up provisions for losses based on the estimated realizable value where necessary.

The Company derived net sales from four (2024 - four) major customers amounting to approximately \$2,139,000 (2024 - \$2,137,300), representing 91% (2024 - 90%) of total revenues. Accounts receivable from the above significant customers at March 31, 2025 amounted to approximately \$131,617 (2024 - \$97,315).

#### **Currency risk**

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 Company is exposed to currency risk as a few of its sales and investment transactions are denominated in U.S. dollars. Unfavourable changes in the foreign exchange rate may impact earnings, accounts receivable and short-term investments.

Foreign exchange gain on monetary assets and liabilities in the amount of \$49,312 (2024 - loss of \$4,579) are included in the determination of earnings.

At year end, the Company had the following amount denominated in foreign currencies.

Short-term investments	\$ 603,123 U.S.
Cash and cash equivalents	\$ 35,821 U.S.
Accounts receivable	\$ 5,415 U.S.

#### **8. Contractual obligations**

The Company is committed under a long-term lease for premises expiring in September 2025. Minimum annual lease payments (exclusive of the requirement to pay taxes, insurance and maintenance costs) over the next one year is approximately as follows:

Year ending March 31,	2026	\$ 35,123
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**NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended March 31, 2025**

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**9. Related party transactions**

Newgen Software Technologies Limited ("NSTL") and the Company are related parties by virtue of control.

During the year, the Company engaged in transactions in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, as follows:

	2025	2024
Sub-contracts	\$ 171,349	\$ 110,227
Management fees	85,138	116,898
Recruiting fee included in office and general	-	41,925

As at March 31, 2025, trade account balance owing to the above-noted related party amounted to \$184,340 (2024 -\$21,388).

**10. RSU/ESOP of NSTL, the parent company, granted to the Company's employees**

NSTL, the sole shareholder of the Company, established an Employees Stock Option Scheme (ESOP) in fiscal year 2014 and 2022, and Restricted Stock Units (RSU) Scheme in fiscal year 2021. Each RSU/ESOP is convertible into one equity share of NSTL. The granted RSUs will be vested during the period of five years and granted ESOP will be vested during the period of 4 years from the grant date.

During the year, 4 employees were granted a total of 4,000 stock options under ESOP scheme 2022. The total attributable cost for the options granted to date is \$18,899 as at the fiscal year end.

The cost related to options granted to the employees of subsidiary companies are considered as Deemed Investment in the books of Parent Company. No employee benefit costs relating to the RSU/ESOP scheme were recorded by the Company or included in the statement of income.