

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
FINANCIAL STATEMENTS
MARCH 31, 2022

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.

FINANCIAL STATEMENTS

MARCH 31, 2022

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Leung Luo Pang LLP

CHARTERED PROFESSIONAL ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

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, 2022, 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, 2022, 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:



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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.

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

Richmond Hill, Canada
April 27, 2022


Chartered Professional Accountants
Licensed Public Accountants

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.**BALANCE SHEET****As at March 31****2022****2021**

ASSETS**Current**

Cash	\$ 780,269	\$ 781,979
Accounts receivable	120,553	264,971
Government remittances recoverable	34,735	-
Income tax recoverable	419	-
Prepaid expenses and sundry	39,090	14,128

975,066 **1,061,078****Equipment (Note 3)****53** **884****Incorporation costs (Note 4)****1,291** **1,791**

\$ 976,410 **\$ 1,063,753**

LIABILITIES**Current**

Accounts payable and accrued liabilities	\$ 112,288	\$ 297,612
Government remittances payable	-	20,170
Income taxes payable	-	2,099
Deferred revenue	364,504	311,017

476,792 **630,898****SHAREHOLDER'S EQUITY****Share capital**1,000,000 Common shares **100,000** 100,000**Retained earnings****399,618** 332,855

499,618 432,855

\$ 976,410 **\$ 1,063,753**

The accompanying notes are an integral part of the financial statements

Approved on behalf of the Board

Director _____

Director _____

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended March 31	2022	2021
Revenue		
Sales	\$ 1,588,516	\$ 1,762,434
Foreign exchange gain (loss)	(1,158)	(9,404)
	1,587,358	1,753,030
Expenses		
Sub-contracts (Note 8)	715,237	747,755
Wages and benefits	553,765	700,881
Occupancy costs	56,620	54,712
Office and general (Note 8)	53,542	48,672
Commissions	36,993	48,906
Consulting fees	35,004	-
Travel	16,350	644
Telephone	12,925	14,982
Professional fees	9,234	18,802
Advertising and promotion	3,000	-
Bank charges and interest	2,133	1,739
Bad debts	-	21,248
Amortization	1,331	1,807
	1,496,134	1,660,148
Income before income taxes	91,224	92,882
Provision for income taxes (Note 5)	24,461	24,959
Net income	66,763	67,923
Retained earnings, beginning of year	332,855	264,932
Retained earnings, end of year	\$ 399,618	\$ 332,855

The accompanying notes are an integral part of the financial statements

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
STATEMENT OF CASH FLOWS

For the year ended March 31

2022

2021

CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:

OPERATING ACTIVITIES

Net income	\$ 66,763	\$ 67,923
Add: items not involving cash		
Amortization	1,331	1,807
	68,094	69,730
Changes in non-cash working capital items		
Accounts receivable	144,418	144,153
Prepaid expenses and sundry	(24,962)	6,759
Accounts payable and accrued liabilities	(185,324)	(286,029)
Government remittances payable	(54,905)	49,066
Income taxes payable	(2,518)	(21,918)
Deferred revenue	53,487	40,956
	(1,710)	2,717
Net increase (decrease) in cash	(1,710)	2,717
Cash, beginning of year	781,979	779,262
Cash, end of year	\$ 780,269	\$ 781,979

The accompanying notes are an integral part of the financial statements

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2022

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 license subscription to its customers across Canada through utilizing the resources of its parent company.

1. Going concern

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises on a going concern basis. Under the going concern assumption, a business is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations.

Management has considered the consequences of Covid-19 pandemic, which has continued to evolve rapidly since early 2020 and brought significant impact to the Company every since. With the worldwide travel restrictions and frequent lockdown imposed by both Canadian and Indian governments in order to contain the rapid spread of the disease, the international sales and implementation team were not able to travel to and inside Canada, resulting in not only the difficulty in winning new contracts, but decreased onsite resource revenue as well. The growth of the company was also restricted by the budget constraint of the existing customers during the pandemic due to slowdown of the economy. Despite of the restrictions, the management believes that there is no indication of doubt on going concern of the Company with the annual revenue of \$1.59 million from its existing customers.

The extent to which the Covid-19 pandemic may impact the Company's future operations will be dependent on future developments, which are highly uncertain and cannot be predicted with confidence. Although it is not certain how the economy will be continuously affected by the pandemic, management has determined that it has taken sufficient actions to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis. The management expects that the revenue will have a significant increase in light of the elimination of travel restrictions.

2. 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:

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2022

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 determination of the employee compensation expense under the Company's Employee Stock Option Plan.. 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.

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.

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.

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.

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2022

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

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 accounts receivable.

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

The Company has not designated any financial asset or liability to be measured at fair value.

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.

3. Equipment

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Computer equipment	\$ 9,166	\$ 9,113	\$ 53	\$ 884

Amortization expense for the year amounted to \$831 (\$1,307 for 2021).

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2022

4. Incorporation costs

	2022	2021
Cost	\$ 4,791	\$ 4,791
Accumulated amortization	(3,500)	(3,000)
	\$ 1,291	\$ 1,791

Amortization expense for the year amounted to \$500 (\$500 for 2021).

5. 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:

	2022	2021
Income (loss) before income taxes	\$ 91,224	\$ 92,882
Combined corporate income tax rate (%)	26.50	26.50
Computed income tax expense	24,176	24,614
Increase (decrease) in taxes resulting from:		
Tax on CCA in excess of amortization	65	245
Tax on non-deductible expenses	220	100
Income tax expense	\$ 24,461	\$ 24,959

6. 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, 2022.

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.

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2022

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 (2021 - three) major customers amounting to approximately \$1,428,000 (2021 - \$1,409,500), representing 90% (2021 - 80%) of total revenues. Accounts receivable from the above significant customers at March 31, 2022 amounted to approximately \$80,512 (2021 - \$229,420).

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 transactions are denominated in U.S. dollars. Unfavourable changes in the foreign exchange rate may impact earnings and accounts receivable.

Foreign exchange loss on monetary assets and liabilities in the amount of \$1,158 (2021 - \$9,404) are included in the determination of earnings.

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

Accounts receivable	\$ 8,717 U.S.
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7. Contractual obligations

The Company is committed under a long-term lease for premises expiring in September 2023. Minimum annual lease payments (exclusive of the requirement to pay taxes, insurance and maintenance costs) over the next two years are approximately as follows:

Year ending March 31,	2023	\$ 57,456
	2024	28,728

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2022

8. Related party transactions

Newgen Software Technologies Limited 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:

	2022	2021
Sub-contracts	\$ 715,237	\$ 747,755
Back office support charges included in office and general	32,289	35,414

As at March 31, 2022, trade account balance owing to the above-noted related party amounted to \$16,856 (2021 -\$204,669).

9. RSU of NSTL, the parent company, granted to the Company's employees

NSTL, the sole shareholder of the Company, formed a Restricted Stock Units (RSU) Scheme, a type of employee stock option plan (ESOP) in current year. Each RSU is convertible into one equity share having face value of INR10 of NSTL at an exercise price of INR10 per share. One of the Company's senior management was granted RSUs on December 23, 2021. Fifty percent of the granted RSU will be vested over the three-year service period ending December 22, 2024 and the remaining fifty percent over the next two-year service period ending December 22, 2026.

NSTL incurred no employee benefit costs attributable to the employee of the Company during the current fiscal year. As such, no employee benefit costs relating to the RSU scheme were recorded by the Company or included in the statement of income.



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March 24, 2022

Newgen Software Technologies Canada, Ltd.
199 Bay Street, Suite 4000,
Toronto, Ontario M5L 1A9

Attention: Diwakar Nigam

Dear Mr. Nigam:

You have requested that we audit the financial statements of Newgen Software Technologies Canada, Ltd., which comprise the balance sheet as at March 31, 2022, the statement of income and retained earnings and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We are pleased to confirm our acceptance and our understanding of the nature, scope and terms of this audit engagement, and all services related thereto, by means of this letter (the "Engagement").

The objectives of our audit 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.

The Responsibilities of the Auditors

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. 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:

- (a) 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.
- (b) 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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 entity'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 auditors report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- (e) 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

The Responsibilities of Management

Our audit will be conducted on the basis that management, and where appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- (a) For the preparation and fair presentation of the financial statements in accordance with Canadian Accounting Standards for Private Enterprises (ASPE).
- (b) For the design and implementation of such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- (c) To provide us with timely
 - i) Access to all information of which management is aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - ii) Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of non-compliance with legislative or regulatory requirements;
 - iii) Additional information that we may request from management for the purpose of the audit; and
 - iv) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process,

- (a) We will make inquiries of management about the representations contained in the financial statements. At the conclusion of the audit, we will request from management, and where appropriate, those charged with governance, written confirmation concerning those representations. If such representations are not provided in writing, management acknowledges and understands that we would be required to disclaim an audit opinion.
- (b) We will communicate any misstatements identified during the audit other than those that are clearly trivial. We request that management correct all the misstatements communicated.

Form and Content of Audit Opinion

Unless unanticipated difficulties are encountered, our report will be substantially in the form contained in the attachment.

If we conclude that a modification to our opinion on the financial statements is necessary, we will discuss the reasons with you in advance.

Confidentiality

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each professional accountant must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning the affairs of the entity unless:

- (a) We have been specifically authorized with prior consent;
- (b) We have been ordered or expressly required by law or by the provincial Code of Professional Conduct/Code of Ethics;
or
- (c) The information requested is or enters into public domain.

Communications

In performing our services, we will send messages and documents electronically. As such communications can be intercepted, misdirected, infected by a virus, or otherwise used or communicated by an unintended third party, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim, and you release us from, any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this Engagement. In that regard, you agree that we shall have no liability for any loss or

damage to any person or entity resulting from such communications, including any that are consequential, incidental, direct, indirect, punitive, exemplary or special damages (such as loss of data, revenues or anticipated profits). If you do not consent to our use of electronic communications, please notify us in writing.

Use of Information

It is acknowledged that we will have access to all information about identified individuals (“personal information”) in your custody that we require to complete our Engagement. Our services are provided on the basis that:

- (a) You represent to us that management has obtained any required consents for our collection, use, disclosure, storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- (b) We will hold all personal information in compliance with our Privacy Statement.

Use and Distribution of Our Report

The examination of the financial statements and the issuance of our audit opinion are solely for the use of the Company and those to whom our report is specifically addressed by us. We make no representations or warranties of any kind to any third party in respect of these financial statements or our audit report, and we accept no responsibility for their use by any third party or any liability to anyone other than the Company.

For greater clarity, our audit will not be planned or conducted for any third party or for any specific transaction. Accordingly, items of possible interest to a third party may not be addressed and matters may exist that would be assessed differently by a third party, including, without limitation, in connection with a specific transaction. Our audit report should not be circulated beyond the Company or relied upon by any third party for any purpose, without our prior written consent.

You agree that our name may be used only with our prior written consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us in writing.

Reproduction of Auditors’ Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review and approval before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditors' report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information on the electronic site with the original document.

Preparation of Schedules

We understand that you will prepare certain schedules and locate specified documents for our use before our engagement is planned to commence. This assistance will facilitate our work and help minimize our costs. Any failure to provide these working papers or documents on a timely basis may impede our services and result in increased audit fees, suspension of our services or our withdrawal from the engagement.

Ownership of Working Papers

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the Engagement are the property of our firm, constitute our confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied, distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any lost or corrupted data or other damage or loss suffered or incurred by you in connection with your use of them. We retain the copyright and all intellectual property rights in any original materials provided to you.

In accordance with professional regulations and by our Firm policy, our client files may periodically be reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and Firm's standards. File reviewers are required to maintain confidentiality of client information.

Other Services

In addition to the audit services referred to above, we will, as allowed by the provincial Code of Professional Conduct/Code of Ethics, prepare your corporate income tax returns as agreed upon. Management will, on a timely basis, provide the information necessary to complete the corporate income tax returns.

Governing Legislation

This engagement letter is subject to, and governed by, the laws of the Province of Ontario. The Province of Ontario will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

Dispute Resolution and Indemnity

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation.

Newgen Software Technologies Canada, Ltd. hereby agrees to indemnify, defend by counsel retained and instructed by us and hold harmless our Firm, and its partners, agents and employees, from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands and liabilities arising out of or in consequence of:

- a) The breach by Newgen Software Technologies Canada, Ltd., or its directors, officers, agents, or employees, of any of the covenants or obligations of Newgen Software Technologies Canada, Ltd. herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our Firm.
- b) A misrepresentation by a member of your management or board of directors.

Schedule, Fees and Billings

We will use all reasonable efforts to complete the engagement as described in this letter within the agreed upon time frames. However, we shall not be liable for failures or delays in performance that arise from causes beyond our reasonable control, including any delays in the performance by Newgen Software Technologies Canada, Ltd. of its obligations.

Our professional fees will be based on our regular billing rates plus direct out-of-pocket expenses and applicable GST/HST and are due when services are rendered. Fees for any additional services will be established separately.

Our invoices for these fees will be rendered as work progresses and are payable on presentation. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 2% per month. We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including lawyers' fees.

Costs of Responding to Government or Legal Processes

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this Engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable GST/HST) incurred.

This engagement letter includes the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of being of service to your Company.

Yours very truly,



Ardell Luo, CPA, CA, Partner
Leung Luo Pang LLP, Chartered Professional Accountants
Tel: 416.335.6600 ext. 201
Fax: 416.800.7567
Email: ardell@leungluoca.com

Acknowledged and agreed by:

Newgen Software Technologies Canada, Ltd.

Date: March 24, 2022

Per: _____
Diwakar Nigam, Director

INDEPENDENT AUDITORS' REPORT

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, 2022, the statement of income and retained earnings and 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, 2022, and its financial performance and its cash flows for the 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:

- 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.

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

Richmond Hill, Canada
Date


Chartered Professional Accountants
Licensed Public Accountants