



NTG Clarity Networks Announces Second Quarter 2018 Financial Results

Toronto, ON / TNW-Accesswire / August 29, 2018 / NTG Clarity Networks Inc. (TSX.V:NCI), a world leader in the telecommunications OSS/BSS market, today reported revenues for the first half of 2018 of \$6,656,899 compared to \$7,156,886 during the first half of 2017, a decline of 7%. (All amounts in Canadian dollars). Second quarter 2018 revenues were \$2,607,838, as compared to \$4,148,957 during the same period in 2017. Q2 revenues were lighter in 2018 due mainly to the completion of a contract in Kuwait, and delayed renewals/new projects in Saudi Arabia.

The Corporation's operating expenses for the three and six months ended June 30, 2018 were \$905,865 and \$1,959,323 compared to \$1,087,171 and \$2,415,095 for the same periods last year, a 19% reduction. We have aggressively reduced staff, salary, G&A and travel costs to bring expenses more in line with revenue.

During the second quarter of 2018, NTG Clarity reported positive income from operations of \$325,768 compared to \$199,081 during the same quarter in 2017. Year to date 2018 cash flow provided by operations was \$377,888 compared to (\$344,063) during the same period last year.

For Q2 2018, NTG Clarity recorded a net income of \$16,369 compared to a net loss of (\$85,539) for the same period in 2017. For the six months ended June 30, 2018, the Corporation recorded a net income of \$176,851 compared to a net loss of (\$838,118) in 2017. This is a substantial improvement as we continue to work to reduce selling and G&A costs, and to optimize cost of sales for our current revenue.

Though a significant improvement over the same period in 2017, factors contributing to challenges continue to include end of service (severance) salary costs due to reductions of selling and G&A staff as well as rental expense obligations.

Gross margin for Q2 2018 was \$1,231,633 or 47%, compared to \$1,286,252 or 31% for the same period in 2017. For the six months ended June 30, 2018, gross margin was \$2,779,464 or 42%, compared to \$1,870,322 or 26% for the same period in 2017. We are pleased with our continued recovery of gross margin percentage as we work to bring our margins back in line with historical averages.

Income statement highlights for the three and six months ended June 30, 2018 and 2017

	3 Months Ended		6 Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
REVENUE	\$ 2,607,838	\$ 4,148,957	\$ 6,656,899	\$ 7,156,886
COST OF SALES	1,376,205	2,862,705	3,877,435	5,286,564
GROSS PROFIT	\$ 1,231,633	\$ 1,286,252	\$ 2,779,464	\$ 1,870,322
Expenses	1,389,596	1,470,969	2,679,099	2,863,217
Foreign exchange loss (gain)	(190,640)	(115,166)	(181,791)	41,127
Net Income before taxes	32,677	(69,551)	282,156	(1,034,022)
Other comprehensive (loss)	(16,308)	(15,988)	(105,305)	(229,268)
Reversal of impairment of unbilled revenue				425,172
Net Income after taxes	\$ 16,369	\$ (85,539)	\$ 176,850	\$ (838,118)
Per Share	\$ 0.000	\$ (0.00)	\$ 0.004	\$ (0.03)

Balance Sheet Highlights for the six months ended June 30, 2018 and December 31, 2017

	June 30, 2018	Dec. 31, 2017
Current Assets	\$ 7,254,253	\$ 6,529,437
Current Liabilities	\$ 11,792,756	\$ 11,520,133
Long-Term Debt	\$ 0	\$ 0
Shareholder's Equity	\$ (2,805,758)	\$ (3,065,862)

Overall financial results continued the positive trend started in late 2017. Revenues were lower in Q2 due to the completion of a larger contract and the delay in starting new projects; however, the company was able to post positive cash flow and net income due to cost cutting measures and higher margins.

As a result of actively marketing our IoT solutions, in June 2018 we received a new PO in Toronto Canada, for manufacturing tracking. This new project commenced in Q3 and is expected to open new opportunities with manufacturing customers. This and a small amount of work being done with another Canadian customer, sets the path for a return to stable revenues in North America.

In Egypt, as many international companies are reluctant to do business in the local currency and have left the marketplace, the service gap continues to provide significant growth opportunities for NTG. In Q2 2018, we added a new customer; one of the largest retail store chains in Egypt. We are also in discussions with a multi-million pound CR (change request) for an existing Regulatory Authority customer.

In Saudi Arabia (KSA), the economy has rebounded with the increase in the price of oil. We look forward to increasing our work as organizations and government departments start awarding new projects in September. The recent political developments between Canada and KSA have had no impact on our operations.

Finally, in Q2 2018, we continued work for our customer in Oman, which is using our NTS Network Inventory and Project Management modules. Work includes change requests, ongoing maintenance/support and new user licenses. We anticipate additional work in the form of requests for new systems and modules and customer support in mobility.

Subsequent to quarter end, in August 2018, RBC Royal Bank extended the due date for the non-revolving credit facility 4 to March 1, 2019 and continues to require NTG to pay down \$60,000 per month against the outstanding principal.

About NTG Clarity Networks Inc.

NTG Clarity Networks' vision is to be a global leader in providing networking solutions. As a Canadian company established in 1992, NTG Clarity has delivered networking, IT and network enabled application software solutions to network service providers and large enterprises. More than 300 network professionals provide design, engineering, implementation, software development and security expertise to the industry's leading network service providers and enterprises.

**Forward Looking Information**

Certain statements in this release, other than statements of historical fact, are forward looking information that involves various risks and uncertainties. Such statements relating to, among other things, the prospects for the company to enhance operating results, are necessarily subject to risks and uncertainties, some of which are significant in scope and nature.

These uncertainties may cause actual results to differ from information contained herein. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These and all subsequent written and oral forward looking statements are based on the estimates and opinions of the management on the dates they are made and expressly qualified in their entirety by this notice. The Company assumes no obligation to update forward looking statements should circumstances or management's estimates or opinions change.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

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