NTG Clarity Announces the Highest Second Quarter Revenue Since 2017

Toronto, ON / TNW-Accesswire / August 10, 2022 / NTG Clarity Networks Inc. (TSX.V:NCI), announces its second quarter results for the period ended June 30, 2022 (all figures in Canadian Dollars).

Revenues were up 30% in the quarter and 57% YTD ($7.7M compared to $4.9 in 2021). Our gross margin for this quarter was 57% and the income from operations was $1,938,750. We expect these strong quarterly results to continue in 2022 due to the new contracts previously announced and the renewal of existing contracts. This makes 8 consecutive quarters with a positive net income.

Professional service revenue continues to be an important strategic source of revenue for us, given its generally recurring nature (80%). The contribution of product-related revenue was 20% in Q2 2022. We are working on marketing our new NTGapps Digital Tool Box platform product in an effort to make product sales a more balanced part of NTG's revenue stream. The contribution of product-related revenue was higher than the same period last year (20% compared to 11% in Q2 2021). This is due to the product sales announced at the beginning of the year.

Working capital continues to improve with June 30, 2022 being a deficit of $3,419,764 compared to a deficit of $3,757,061 at December 31, 2021.

Income statement highlights for the three and six months ended June 30, 2022 and 2021

	3 Months Ended		6 Months Ended	
	June 30, 2022	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
REVENUE	$ 3,403,633	$ 2,621,252	$ 7,724,237	$ 4,919,559
COST OF SALES	1,464,883	1,583,194	4,404,552	2,794,786
GROSS PROFIT	$ 1,938,750	$ 1,038,059	$ 3,319,685	$ 2,124,773
Expenses	1,109,818	429,808	2,179,993	1,068,008
Foreign exchange loss (gain)	52,097	(81,566)	(35,853)	(77,942)
Net Income from operations	776,835	689,818	1,175,545	1,134,707
Other expenses	260,691	244,713	532,422	358,658
Other - Exchange (loss) gain on translation	(324,782)	14,709	102,580	(66,510)
Net Income after taxes	$ 191,362	$ 459,813	$ 745,704	$ 709,539
Per Share	$ 0.00	$ 0.00	$ 0.01	$ 0.01

Balance Sheet Highlights for the six months ended June 30, 2022 and December 31, 2021

	June 30, 2022	**December 31, 2021**
Total Assets	$ 6,398,118	$ 6,490,706
Total Liabilities	$ 13,414,576	$ 14,409,518
Shareholder's Equity	$ (7,016,458)	$ (7,918,812)

Outlook

Customers continue to recognize our quality of work and track record and this has resulted in increased work from our major customers that include sales of our NTGapps software product. KSA's economic strength, due in large part to increasing prices for oil, has shown increasing demand for our products and services and has resulted in a 47% increase in revenue contribution for the country this quarter.
We are excited about the increasing demand for offshore services as we expand our business into new verticals that include government and financial sectors. Egypt's YTD revenue has increased 73% over the same period last year.

Revenues are increasing in all sectors; however, travel/accommodation costs have also increased for cost of sales and for marketing and sales as personnel return to onsite work and we visit more customers. Additionally, salaries for personnel have returned to normal amounts. We are working to keep our expenses in line while increasing the revenue.

Finally, we are looking forward to expanding into new verticals with our software product; NTGapps digital toolbox. We are including tools related to small and medium enterprise (SME) end-to-end business operations and have already seen demand in the financial and government sectors. Of particular note is the PO we received in March for a new customer in the medical sector to deliver their digital products on the NTGapps platform. We have also seen an increased demand for our Utility software and Network Asset Management with revenue for these products making up 20% of this quarter's revenue.

NTG has a backlog of $8.7M in unbilled amounts for POs on hand. This backlog, with the $7.7M YTD revenue projects an estimated $16.4M revenue for 2022. This is 37% greater than the total revenue for 2021.

Additionally, we are expecting to renew several contracts with major customers that are coming up for renewal within the next few months.

About NTG Clarity Networks Inc.

NTG Clarity Networks' vision is to be a global leader in providing networking solutions. As a Canadian company established 30 years ago in 1992, NTG Clarity has delivered networking, IT and network enabled application software solutions to network service providers and large enterprises. More than 400 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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