NTG Clarity Reports 51% Year-Over-Year Revenue Growth, Driven by Growth in High-Margin Segments

Reaffirms Full Year Guidance, Despite FX Headwinds in Q2

Toronto, Ontario--(Newsfile Corp. - August 27, 2025) - NTG Clarity Networks Inc. (TSXV: NCI) (OTC Pink: NYWKF); NTG Clarity ("NTG" or the "Company") today reports its second quarter results for the quarter ended June 30, 2025 (all figures in Canadian Dollars).

Q2 2025 Highlights

All comparisons below are to the quarter ended June 30, 2024, unless otherwise noted.

- **Revenue** grew 51% year-over-year to $18.9 million, driven by strong growth of offshore services, which grew 89% and the accelerating growth of NTGapps, which grew 1,688%. Topline revenue was impacted compared to Q1 2025 because of the weakening US dollar in Q2 2025.

- **Gross Profit** rose 68% year-over-year to $7.2 million, representing 38% of revenue, compared to $4.3 million and 34% in the prior year. Gross margin was strong in the quarter, driven by lower upfront engagement costs like travel and a higher portion of revenue coming from NTGapps.

- **Net Income** was $0.4 million, or 2% of revenue, compared to $2.4 million or 20% in the prior year. The year-over-year decline reflects an FX headwind of $1.2 million dollars from a weakening US Dollar in the quarter and a tax provision for $0.9 million.

- **Adjusted EBITDA** fell 1% to $2.8 million, or 15% of revenue, compared to $2.8 million or 23% of revenue in the prior year. Adjusted EBITDA margins were burdened in the quarter by the hiring of new employees who are expected to be deployed on new contracts towards the end of the year.

- **Operating Cash Flow** used of $2.7 million, consistent with seasonal patterns, as Q2 is typically the slowest collections quarter. The usage primarily reflects timing of accounts receivable collections, impacted by major holidays during the period and a $1.2 million foreign exchange headwind.

"We continue our strong track record of growth posting 51% year-over-year revenue growth, lead by our two highest margin business lines, offshore services and NTGapps," said Adam Zaghloul, Vice President of Strategy & Planning at NTG Clarity. "While reported revenue and profitability this quarter reflect a U.S. dollar foreign exchange headwind, underlying performance remained robust. Importantly, we have already made the strategic investments and are carrying the resources necessary to support new client contracts. As these engagements come online over the coming quarters, we are confident this foundation positions us for sustained growth and improved profitability."

"Subsequent to quarter-end, we successfully closed an equity financing for approximately $8.2 million in net proceeds. This additional capital enhances our ability to service larger contracts and clients, accelerate growth initiatives including geographic expansion, and position the Company to be opportunistic in pursuing value-enhancing M&A opportunities. These actions strengthen our position to build on our track record of 17 consecutive quarters of record last-twelve-month revenue growth and extend that momentum into the years ahead."

Financial Outlook for 2025

Our performance this quarter, even with the headwind of FX, gives us confidence to reafirm our full year guidance. We saw gross margin expansion in the quarter and expect to see Adusted EBITDA margin expansion in the back half of the year as we deploy new hires into fully billable roles.

While our current Adjusted EBITDA is tracking below the lower end of the target range, we anticipate margin improvement over the course of the year.

- Revenue: Expected to be approximately $78 million
- Adjusted EBITDA Margin: Forecasted in the range of 16% - 20%

In 2025 our strategic priorities are:

- Expand and solidify our position as an integral part of clients' long-term digital strategy, leveraging our superior cost structure, quality offerings, and trusted relationships built over multiple years of service.

- Win new customers through the expanding network effect of recommendations from current and past clients.

- Increase adoption and traction of NTGapps, positioning them as essential tools within our clients' digital ecosystems.

Conference Call Details

On Thursday, August 28, 2025, at 9:00 AM ET, management will host a conference call webcast to discuss the Company's financial and operating results.

What: NTG Clarity Q2 2025 Earnings Call

When: Thursday, August 28, 2025, at 9:00 AM ET

Where: Live webcast can be accessed from the Events page of NTG's website: https://ntgclarity.com/events/second-quarter-2025-earnings-conference-call-ntg-clarity

Management will be hosting a Q&A at the end of the call; however, to streamline the earnings conference call, we ask any questions to be emailed along with the asker's name and company, if applicable, by the end of the day Wednesday, August 27, 2025, to:

Adam Zaghloul, Vice President, Strategy & Planning
Email: adam@ntgclarity.com

Income Statement Highlights for the Quarter Ended June 30, 2025 and 2024

		June 30, 2025		June 30, 2024
REVENUE	$	18,876,105	$	12,488,315
COST OF SALES		11,717,002		8,227,457
GROSS PROFIT	$	7,159,103	$	4,260,858
SG&A		4,501,303		1,576,550
(Gain) loss on foreign exchange		1,179,889		123,731
Other Expenses		157,264		93,580
Exchange (gain) loss on translation		61,901		23,623
Provision for income taxes		856,166		0
Comprehensive Income	$	402,580	$	2,443,374
per share (basic)	$	0.01	$	0.06
per share (fully diluted)	$	0.01	$	0.06

Balance Sheet Highlights

		June 30, 2025		December 31, 2024
Total Assets	$	32,543,079	$	28,292,859
Total Liabilities	$	16,506,859	$	15,691,675
Shareholder's Equity	$	16,036,220	$	12,601,184

Non-GAAP Financial Measures

NTG references Adjusted EBITDA, which is a non-IFRS (non-GAAP) measure and Adjusted EBITDA margin, which is a non-GAAP ratio. Adjusted EBITDA means adjusted earnings before interest, taxes, depreciation and amortization. EBITDA is equal to net income (loss) before income taxes plus finance costs plus depreciation. Adjusted EBITDA is equal to EBITDA before other discretionary expenses and expenses outside of the control of NTG. In NTG's case these are other income, share-based payments, and expenses related to foreign exchange. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenue.

Adjusted EBITDA and Adjusted EBITDA margin are not recognized measures under IFRS. Management believes that in addition to net income (loss), Adjusted EBITDA and Adjusted EBITDA margin are useful supplemental measures as they provide an indication of the results generated by the Company's primary business activities prior to consideration of how those activities are financed, amortized, or how the results are taxed and consolidated in various jurisdictions and currencies as well as the cash generated by the Company's primary business activities without consideration of the timing of the monetization of non-cash working capital items.

NTG also references Free Cash Flow, which is a non-IFRS (non-GAAP) measure. Free Cash Flow means cash provided by operating activities less capital expenditures. In NTG's case, Free Cash Flow is equal to net cash from operating activities as reported in the consolidated statements of cash flows, reduced by the purchase of property and equipment.

Free Cash Flow is not a recognized measure under IFRS. Management believes that in addition to net cash from operating activities, Free Cash Flow is a useful supplemental measure as it provides insight into the cash generated by the Company's primary business activities after funding required capital expenditures, and it reflects the Company's ability to pursue strategic growth, repay debt, or return capital to shareholders.

Readers should be cautioned, however, that Adjusted EBITDA and Adjusted EBITDA margin should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of the Company's performance. Neither should Free Cash Flow be construed as an alternative to net cash from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow may differ from other organizations and, accordingly, Adjusted EBITDA, Adjusted EBITDA margin, and Free Cash Flow may not be comparable to measures used by other organizations.

The non-IFRS measures referenced in this release reconcile to the IFRS measures reported in the Consolidated Financial Statements as follows, unless reconciled elsewhere:

	For the three months ended	
Adjusted EBITDA	**June 30, 2025**	**June 30, 2024**
Net Income (Margin)	$ 402,580 (2%)	$ 2,443,374 (20%)
Add back:		
(Gain) loss on foreign exchange	1,179,889	123,731
Depreciation	195,665	38,733
Amortization	132,183	132,183
Interest, net	55,156	78,991
Taxes	855,678	800
Other income	(211,025)	(95,072)
Share-based payment	117,956	70,128
Loss on joint venture	0	0
Loss on disposal of assets	0	0
Less:		
Exchange gain (loss) arising on translation of foreign operations	(61,901)	(23,623)
Adjusted EBITDA (Margin)	**$ 2,789,983 (15%)**	**$ 2,816,491 (23%)**

Free Cash Flow	For the three months ended June 30, 2025	June 30, 2024
TOTAL CASH IN-FLOW FROM OPERATING ACTIVITIES	$ (2,689,043)	$ 225,088
Less:		
Purchase of property, plant and equipment	48,867	154,768
Free Cash Flow	**$ (2,737,910)**	**$ 70,320**

About NTG Clarity Networks Inc.
NTG Clarity Networks' vision is to be a global leader in digital transformation solutions. As a Canadian company established in 1992, NTG Clarity has delivered software, networking, and IT solutions to large enterprises including financial institutions and network service providers. More than 1,300 IT and network professionals provide design, engineering, implementation, software development and security expertise to the industry's leading enterprises.

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Forward Looking Information
Certain statements in this release, other than statements of historical fact, are forward looking information that involve various risks and uncertainties. Forward looking information includes, but is not limited to, statements with respect to: 2025 financial guidance including anticipated revenue and adjusted EBITDA margin; anticipated activity levels and operating results; projections based on current backlog; corporate strategies; customer demand and competitive conditions in the markets in which the Company operates.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: future demand for the Company's products and services; the results of research and development activities; access to capital; intellectual property protection; general business, economic, competitive, political and social uncertainties; delays in obtaining governmental approvals; failure to obtain regulatory approvals; reliance on key personnel; stock market volatility; fluctuations in interest rates and exchange rates; and the impact of new laws and regulatory requirements. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about estimated annual revenue and adjusted EBITDA margin, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set out in the above paragraph. The actual financial results of the Company may vary from the amounts set out herein and such variation may be material. NTG and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, the Company undertakes no obligation to update such FOFI. FOFI contained in this news release was made as of the date hereof and was provided for the purpose of providing further information about the Company's anticipated future business operations on an annual basis. Readers are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

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