



NTG Clarity Networks Announces Third Quarter 2018 Financial Results

Toronto, ON / TNW-Accesswire / November 23, 2018 / NTG Clarity Networks Inc. (TSX.V:NCI), a world leader in the telecommunications OSS/BSS market, is pleased to provide its financial and operating results for the third quarter of 2018. After an aggressive cost reduction process, management has successfully returned the Company to profitability in each of the first three quarters of 2018.

Consolidated revenue for the three months ended September 30, 2018 increased to \$3,501,906 compared to \$3,309,135 (All amounts in Canadian dollars) for the same period in 2017 and is made up of product-related revenue, professional services and a small amount for hardware. Year to date revenues are down slightly to \$10,158,805 compared to \$10,466,021 in 2017. The nominal decrease over the first 9 months is due to the end of a contract in Kuwait and the delay in the start of new projects in Saudi Arabia. Gross margins continue to be stronger in 2018, and we continue to work on reducing G&A costs as contracts allow, and marketing and selling costs based on our revenue.

For the first nine months of 2018, the gross margin was \$4,515,152 or 44%, compared to \$3,721,078 or 36% for the same period in 2017. The gross margin in the third quarter of 2018 was 50%.

General and administration (G&A) continued to fall in the third quarter of 2018 to \$645,926, compared to \$902,181 during the same period in 2017. For the first three quarters of 2018, general and administrative costs decreased to \$1,879,430 from \$2,351,057 during the same period in 2017. Selling expenses year to date also decreased by 13% to \$ 1,379,912, compared to \$1,578,237 in 2017. This decrease was due to restrictions implemented for travel and marketing expenses.

For Q3 2018, the Corporation recorded a net income of \$6,555, compared to a net income of \$131,308 for the same period in 2017. For the nine months ended September 30, 2018, NTG Clarity recorded a net income of \$183,406 compared to a net loss of (\$706,810) in 2017, a significant improvement. It should be noted that the Company recorded a foreign exchange loss of \$229,727 during Q3/18 compared to a foreign exchange gain of \$58,633 during the same quarter last year.

Income statement highlights for the three and nine months ended September 30, 2018 and 2017

	3 Months Ended		9 Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
REVENUE	\$ 3,501,906	\$ 3,309,135	\$ 10,158,805	\$ 10,466,021
COST OF SALES	1,766,218	1,458,379	5,643,653	6,744,943
GROSS PROFIT	\$ 1,735,689	\$ 1,850,756	\$ 4,515,152	\$ 3,721,078
Expenses	1,435,622	1,776,196	4,114,721	4,640,412
Foreign exchange loss (gain)	229,727	(58,633)	47,936	(17,506)
Exchange loss (gain) on translation	63,785	885	169,090	230,153
Reversal of impairment of unbilled revenue				425,172
Total Net Income (Loss)	\$ 6,555	\$ 131,308	\$ 183,406	\$ (706,810)
Per Share	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.02)



Balance Sheet Highlights as at September 30, 2018 and December 31, 2017

	September 30, 2018	Dec. 31, 2017
Current Assets	\$ 7,460,247	\$ 6,529,437
Current Liabilities	\$ 11,794,034	\$ 11,520,133
Long-Term Debt	\$ 0	\$ 0
Shareholder's Equity	\$ (2,792,378)	\$ (3,065,862)

Though still facing a challenging global business environment, NTG Clarity has worked diligently to bring costs in line with current revenue streams and to continue to grow in each of its operating areas.

As a result of actively marketing our IoT solutions, in Q3 2018 we started working on a manufacturing tracking system for a customer in Canada. We expect this new project will open new opportunities with manufacturing customers. This and a small amount of work being done with another Canadian customer, sets the path back to work in North America.

Implementation of our StageEM software product continues at a customer location in Egypt, with new change requests under discussion. As many international companies are reluctant to do business in the local currency and have left the Egypt marketplace, the service gap continues to provide growth opportunities for NTG. We are continuing discussions with a multi-million pound change request for an existing Regulatory Authority customer. NTG Egypt's revenue contribution was 18% during the first three quarters of 2018.

Ongoing initiatives continue to show returns with 50% of our professional service work and 50% of our revenue being from Saudi Arabia (KSA). NTG has developed good brand recognition and a solid track record over the years, which will be an asset to our work in the region. KSA revenue has decreased by 23% over last year due to the slowdown of the KSA economy, however, there are signs that the economy is rebounding.

From our office in Kuwait, we are actively pursuing new opportunities with existing and potential customers. We are currently short listed to provide one of our software products/portals at one of the key government organizations and to develop a mobile app for a major university. Year to date, Kuwait has contributed approximately 25% of NTG's revenue.

In Q3 2018, we continued work for our customer in Oman using our NTS Network Inventory and Project Management modules. The product sales in the region have assisted with additional work in the form of change requests, and recurring revenues from maintenance and support, and extra licenses. Oman contributed 14% to revenue in Q3 2018.

Looking towards the future, we are on the road to returning to profitability in 2018. We are focusing on capitalizing on the goodwill we have with our existing customers to expand our business and increase our margins. We will concentrate on marketing our products NTS and StageEM, which are currently in demand and have higher margins.



In September 2018, Export Development Canada (EDC) withdrew insurance support for all customers in KSA, going forward.

In November 2018, NTG conditionally signed a quote with an insurance company, Euler Hermes (a subsidiary of Allianz) to provide us with receivables and work in progress insurance in the countries we do business in, including Saudi Arabia (KSA). This insurance would be effective November 1, 2018 and would replace EDC receivables and work in progress insurance for all NTG customers.

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 350 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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