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QIS COMPANY PROFILE



NTG Clarity Networks Inc.
(NCI:TSX-V)

Date: June 15, 2016

Price: \$0.125

(coverage initiated on Feb. 4, 2010 at \$0.045)



KEY INFORMATION

Fiscal Year-end	December 31
52-Week High/Low	\$0.41 - \$0.085
3-Month Avg. Daily Trading Volume	134,700 shares
Market Capitalization	\$4.5 million
Enterprise Value	\$10.7 million
Book Value per Share	\$0.21
Working Capital per share (Mar. 31)	\$0.06
Current Ratio	1.3
Gross Margin (2015)	31%
LT Debt to Equity	0.0
Price to 2014 Earnings (after tax)	3.7
Price to 2015 Earnings (after tax)	12.5

FINANCIAL HISTORY (000s of Canadian Dollars)

	2012	2013	2014	2015
Revenues	5,003	10,572	15,503	15,533
Oper. Income	1,340	3,098	3,539	1,461
Net Income	777	1,864	1,242	368
per share	0.026	0.060	0.034	0.010

FINANCIAL DATA (000s of Canadian Dollars)

	3 Months Mar. 31		Yr Ended Dec. 31	
	2016	2015	2015	2014
Revenues	\$2,433	\$5,002	\$15,533	\$15,503
Cost of Sales	1,737	3,247	10,654	9,353
Gross Margin	696	1,755	4,878	6,150
Forex Loss (Gain)	15	(302)	(299)	(86)
Net Income	(1,986)	722	368	1,242
per share	(0.055)	0.020	0.010	0.034

BALANCE SHEET (as at March 31, 2016)

Current Assets	\$ 10,536,023
Total Assets	15,913,025
Current Liabilities	8,257,259
Long-Term Debt	nil
Shareholders' Equity	7,655,766

SHARES OUTSTANDING (as at March 31, 2016)

Basic (27% held by mgmt & insiders)	36,224,891
Fully-Diluted	40,507,891

Highlights:

- record revenues in 2015 while tripling its active customer base
- working capital position of \$2.3 million or \$0.06 per share as at March 31, 2016
- targeting growth in an expanding int'l market, primarily the Middle East, with new operations commencing in North America

QUICK SUMMARY

NTG Clarity has posted a profit in 13 of the past 16 quarters and has posted significant revenue growth over the past 4 years, more than tripling sales. Although the past two quarters represent a rough patch in the company's past performance, management has indicated that record sales are expected again in 2016 with the bulk of revenues anticipated in the second half of the year.

NTG Clarity has a positive working capital position of \$2.3 million or \$0.06 per share without any long-term debt.

CORPORATE OVERVIEW

NTG Clarity delivers network, IT (information technology) and infrastructure solutions to telecommunications service providers. The company has been developing niche software products directed at the business-to-business Internet market since its inception in 1992. NTG Clarity has a staff of more than 400 employees and consultants working together in the areas of design, engineering, implementation, software development and security.

The company's primary business focus is on the sale and installation of its OSS/BSS (Operations/Business Support System) product called NTS (Network & Telecom System) and the associated consulting services and training required to implement the product. NTG Clarity has offices in Canada, Egypt, Saudi Arabia, Kuwait and Qatar.

NTS is a fully integrated system with a lower total cost of ownership and a much shorter deployment time than typical OSS/BSS solutions. Created to meet the needs of fast-growing network operators and network service providers, NTS has been designed to handle the full customer service cycle from the initial order request through network equipment configuration to implementation support, billing and maintenance.

NTG Clarity's brand continues to gain increased recognition as a reliable, quality supplier to telecom and network service providers. The company will continue to focus on enhancing its cost structure while targeting revenue and profit margin growth. A significant portion of future growth is expected to originate from the Middle Eastern marketplace due in part to the deregulation of the telecom sector and the licensing of new mobile operators.

On June 22, 2015, NTG Clarity secured a \$3.9 million contract with a top multinational management consulting and outsourcing company for technical, development and support resources.

Later in June 2015, NTG Clarity reported an increase to \$9 million on its credit line with RBC Royal Bank. The new agreement includes a \$3 million operating line of credit, a \$3 million revolving facility to support pre-shipment costs associated with exports and a \$3 million letter of guarantee facility to support bids and guarantees for export contracts. These facilities are supported by Export Development Canada (EDC) and will allow the company to aggressively pursue new business opportunities.

In September 2015, NTG Clarity launched a software product called Stage Enterprise Management (EM). Stage EM improves customer efficiency within an organization by integrating strategic planning, business planning, demand and capacity management, operation optimization, portfolio project management, and analytics. This new product will allow the company to enter other industries beyond telecom, opening up a much wider customer base.

On September 24, 2015, NTG Clarity announced three new contracts totaling \$1 million. It should be noted that one of these contracts marks the first time NTG is working with one of the top three global telecom equipment manufacturers. Furthermore, the

company will start marketing its services in Silicon Valley, CA after being selected to participate in the Canadian technology accelerator program. NTG will use this opportunity to launch Stage EM and its other services to diversify into the North American market.

In mid-December 2015, NTG Clarity announced its largest ever contract, an \$11 million agreement with Mobile Telecommunications Company (Zain Kuwait) to provide technical professional resources and services to support various technology operations. NTG will provide both on-site and offshore services over the next three years starting in January 2016. Approximately one-third of the contract scope is expected to be completed in 2016. NTG's Kuwait office was just established in Q1 2015.

In March 2016 the company was awarded a \$1.8 million utility billing agreement in Egypt. This 2-year contract with a large water utility firm is to be delivered in two phases. Phase 1 is valued at \$660,000 and includes the initial installation of hardware and software at over 30 branches by August 2016. Phase 2 is expected to be finished by the end of 2017.

In 2015, NTG Clarity had record revenues of \$15.5 million, just eclipsing 2014 levels; however, the company more than tripled its active customer base during the year. NTG Clarity's cost of sales and, more notably, G&A expenses have increased substantially over the past two quarters largely due to new operations in Oman and Kuwait. Like many major expansions, management is working to balance efforts between growth and expense control to generate increased margins and a return to profitability with increasing sales. As at March 31, 2016, NTG Clarity had a positive working capital position of \$2.3 million or \$0.06 per share with no long-term debt.

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